Dressing up
The search for drugs to heal wounds
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Les paysans under threat

FINANCIAL TIMES

Europe's Business Newspaper — FRIDAY JANUARY 21 1994

CORPORATE HEADQUARTERS
UK 500

'Massive' loss of jobs foreseen by Frankfurt group

Kajo Neukirchen, the new chief executive of Metallgesellschaft, warned of "massive" job losses at the Frankfurt-based group and gave details of the company's future strategy. He said the job cuts would be necessary in order to guarantee the group's continued survival. Significantly absent from his list of future core activities were the group's mining businesses. Page 15

Whitewater investigator named: US attorney-general Janet Reno named Robert Fiske, a Republican lawyer, to head an investigation into President Bill Clinton's financial dealings in Whitewater Development, an Arkansas property venture. Page 14

Time Warner 'poison pill': Time Warner, the US media group in which Canada's Seagram drinks company has built up an 11 per cent stake, announced it was introducing a "poison pill" anti-takeover device which will, in effect, prevent any investor buying more than 15 per cent of its stock. Page 15

Bankers Trust surges: Bankers Trust, the US commercial bank, reported a further surge in profits from trading in financial markets in the final three months of last year, at a time when falling volatility in European markets cut into trading profits at other big US banks. Page 15

Euro MPs reject Lord Owen as mediator: The European Parliament passed a vote of no confidence in former UK foreign secretary Lord Owen (left), the European Union's mediator for former Yugoslavia. British prime minister John Major was said to have been angered by the vote. He said: "David Owen has not spared himself in the search for a peaceful settlement in Bosnia. He enjoys the full support of the British government." Page 14

Tokyo plea to dissidents: Japan's coalition government urged dissident members to close ranks to improve its finely balanced chances of winning a parliamentary vote today on plans to overhaul the political and electoral system. Page 14

Patten against referendum: Hong Kong governor Chris Patten opposed a referendum on political development, saying it would be bitterly opposed by Beijing. Page 4

Bundesbank action: The Bundesbank reduced and restructured its minimum reserve requirements in a move which it claimed would reduce costs and improve competitiveness in the German banking system. Page 2

Ukraine pact survives: Ukraine's parliament denounced, but stopped short of annulling, President Leonid Kravchuk's nuclear arms deal signed with the presidents of the US and Russia a week ago. Page 2

Boost for Sandoz: Sandoz, the Basle-based pharmaceuticals and chemicals group, said its consolidated sales last year grew 5 per cent to SFr15.1bn ($10.3bn). It expected to report a "marked increase" in net income of more than 10 per cent over 1992. Page 16

Nestlé advances: Nestlé, the packaged foods and mineral waters group, has reported a 5.4 per cent rise in 1993 sales to SFr57.5bn ($39.6bn) in spite of recessionary conditions and currency devaluations in many of its main European markets. Page 16

Japanese rivals link up: Hitachi and Mitsubishi Electric are linking to produce flash memory chips in an unusual alliance between two Japanese competitors. Page 18

GE earnings rise 10%: General Electric, the US conglomerate, reported a 10 per cent increase in fourth-quarter earnings and a 22 per cent rise in profits from its ongoing operations. Page 17

Pennzoil tax wrangle: Pennzoil, the US oil company, has been presented with a tax demand for $957m from the Internal Revenue Service over a settlement it received six years ago after a long-running dispute with Texaco. Page 18

Soccer legend dies: Sir Matt Busby, for long manager of Manchester United and considered to be the father of British football, died in Manchester, aged 84.

■ STOCK MARKET INDICES

FT-SE 100:	3,479.0	(-5.1)
Yield	3.4	
FT-SE Eurotrack 100	1,475.95	(-12.88)
FT-SE-A All-Share	1,738.06	(-0.3%)
Nikkei	19,183.92	(+144.52)
New York lunchtime:		
Dow Jones Ind Ave	3,887.46	(+3.09)
S&P Composite	473.81	(-0.49)

■ US LUNCHTIME RATES

Federal Funds:	3%
3-mo Treas Bills: Yld	3.003%
Long Bond	99¾
Yield	6.261%

■ LONDON MONEY

3-mo Interbank	5⅜%	(5⅜%)
Liffe long gilt future:	Mar 119⅜	(Mar 120)

■ NORTH SEA OIL (Argus)

Brent 15-day (March)	$13.85	(13.945)

■ Gold

New York Comex (Feb)	$387.9	(392.7)
London	$392.3	(391.4)

■ STERLING

New York lunchtime:		
$	1.4985	
London:		
$	1.4996	(1.4918)
DM	2.6029	(2.6016)
FFr	8.8645	(8.8409)
SFr	2.1804	(2.1773)
Y	167.215	(165.428)
£ Index	82.7	(82.3)

■ DOLLAR

New York lunchtime:		
DM	1.73765	
FFr	5.9125	
SFr	1.4555	
Y	111.47	
London:		
DM	1.7358	(1.744)
FFr	5.9114	(5.9265)
SFr	1.454	(1.4595)
Y	111.51	(110.895)
$ Index	67.3	(same)

Tokyo close Y 111.43

Austria	Sch32	Greece	Dr350	Lux	LFr65	Qatar	QR13.00
Bahrain	Din1.250	Hong Kong	HK$18	Malta	Lm0.60	S.Arabia	SR11
Belgium	BFr65	Hungary	Ft185	Morocco	MDh15	Singapore	S$4.30
Bulgaria	Lv25.00	Iceland	IKr215	Neth	Fl 4.00	Slovak Rp	KSL50
Cyprus	C£1.10	India	Rs60	Nigeria	Naira50	South Africa	R12.00
Czech Rp	CZK50	Israel	Shk6.90	Norway	NKr17.00	Spain	Pta225
Denmark	DKr16	Italy	L3000	Oman	OR1.50	Sweden	SKr16
Egypt	E£5.00	Japan	Y500	Pakistan	Rs40	Switz	SFr3.30
Finland	FM14	Jordan	JD1.50	Philippines	Pso50	Syria	S£50.00
France	FFr9.00	Kuwait	Fils.625	Poland	Zl 32,000	Tunisia	Din1.500
Germany	DM3.50	Lebanon	US$1.50	Portugal	Es225	Turkey	L10000
						UAE	Dh12.00

Guinness remodels its relationship with LVMH

By Philip Rawstorne

Guinness, the UK drinks group, and LVMH, the French cognac and luxury goods company, announced sweeping changes to their their seven-year alliance yesterday to provide "a secure and stable basis for a continuing long-term partnership" in the international wines and spirits industry.

Guinness is selling its indirect 24 per cent interest in LVMH, held through Jacques Rober and Christian Dior, to the Arnault Group for £1.323bn.

The UK group will acquire a 34 per cent stake in Moët Hennessy, the LVMH cognac and champagne business, for £902m. LVMH, in turn, will reduce its holding in Guinness from 24 per cent to 20 per cent by June 30.

Mr Tony Greener, Guinness chairman and chief executive, said the moves focused the partnership on the strategic development of their spirits and wines businesses. "Guinness will no longer have an interest in LVMH as a whole ... we will not be part of any new direction, media or other, that they pursue in the future. We believe in sticking to our knitting."

Cross-shareholdings had provided an initial solid base for the alliance, he said. But if it had not been changed "there was a likelihood that the different aspirations for the development of the two companies would lead to divergence and, potentially, friction."

The changes were welcomed in the City of London, where investors have become increasingly concerned about the effects on Guinness of recent moves by Mr Bernard Arnault, LVMH chairman, into publishing and fashion.

Guinness shares rose 49p to close at 521p, but LVMH fell FFr138 to FFr3,899.

The deal will yield net cash of £416m for Guinness that will be used to reduce borrowings to £1.4bn and gearing from 47 per cent to 37 per cent. Annual cash flow will be improved by £14m but earnings per share will suffer minor dilution.

Mr Greener said the group expected 1993 profits of £905m, 4 per cent ahead of 1992, before a UK pension charge of £30m and exceptional charges of £173m arising from the restructuring.

The new relationship ensures that Guinness can prevent any outside takeover of the Moët Hennessy cognac and champagne brands.

The group has 17 joint trading ventures – combining Guinness brands such as Johnnie Walker Scotch whisky and Gordon's gin with LVMH's Hennessy cognac, Moët et Chandon and Veuve Clicquot champagne – that cover the US and Mexico, Japan, China and other Far Eastern markets. They contributed about 25 per cent of the £769m profits in 1993 of United Distillers, the Guinness spirits division.

"Looking ahead to 1994, I still see little sign that overall world economic or market conditions are getting markedly easier," Mr Greener said.

Heady cocktail with lots of fizz, Page 13
Lex, Page 14
World markets, Page 31
London stocks, Page 23

Chief Russian reformer opposes government's 'corrected policy' proposals

New cabinet unveiled as Fyodorov resigns

By Leyla Boulton in Moscow

Mr Boris Fyodorov, mainstay of Russia's market reforms, quit last night as finance minister as a new cabinet emerged after three days of crisis talks.

Mr Fyodorov's departure throws into doubt the government's commitment to a bold transformation of the state-dominated economy and represents a shift away from attempts to stabilise the country's finances.

His decision came hours after Mr Victor Chernomyrdin, prime minister, unveiled a cabinet in which Mr Fyodorov was offered the finance ministry but stripped of the rank of deputy prime minister. He said he was quitting not only because his conditions – including the removal of Mr Alexander Zaveriukha, the spendthrift deputy prime minister for agriculture – had been rejected, but also because he opposed an economic blueprint planned by the government.

Although details of the blueprint were not yet known, its spirit was clear from a press conference given by Mr Chernomyrdin. Emerging strengthened after apparently convincing President Boris Yeltsin to endorse his cabinet line-up, Mr Chernomyrdin set out his proposals for a "corrected policy" which he insisted did not mean a retreat from reform.

"The age of market romanticism is over," he declared. He also attacked Mr Fyodorov for daring to set conditions for joining his government.

Mr Fyodorov's departure means more emphasis on selective efforts to support industry. He said last night: "I don't know how you can overcome inflation by stimulating production."

Mr Chernomyrdin said inflation remained enemy number one but that the government would switch to other non-monetary methods to fight it. While sticking to restrictive spending, he said the government would try to increase revenues. It would also pay more of its own bills, although he recognised a dilemma in trying to meet all the government's spending promises.

"Inflation falls when we don't carry out financial obligations and increases when we pay our bills," he said, referring to Mr Fyodorov's practice of restricting spending which had people like Mr Zaveriukha demanding that the government pay all debts owed to state-owned enterprises.

Mr Fyodorov's departure foreshadows an inflation rise while the government tries to focus on policies such as ending monopolies and stimulating economic growth – which have eluded governments since the launch of reforms in January 1992.

It also threatens force the rouble down further, fuelled by inflationary expectations. Mr Fyodorov said the central bank had spent $1.5bn supporting the rouble over the past three weeks – compared with a total of $4bn spent over the whole of 1993.

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No turning back: Victor Chernomyrdin insisted his proposals did not mean a retreat from reform AP

Mr Fyodorov's demand for the removal of Mr Victor Gerashchenko as central bank chairman, also looked set to be rejected. Although Mr Chernomyrdin pointed out that under the new constitution, the chairman was nominated by the president in consultation with parliament, Mr Gerashchenko's press

Continued on Page 14

US freeze shuts down Washington and claims 96 lives

By George Graham in Washington

The US government and private businesses closed down in Washington yesterday after Mrs Sharon Pratt Kelly, the city's mayor, declared an emergency in the face of record cold weather.

States from Kentucky to Pennsylvania also declared emergencies as frostbite and icy roads claimed at least 96 lives – far more than died in this week's earthquake in California.

Electricity and gas companies, unable to cope with the demand for power, were forced to impose rotating blackouts on their customers on Wednesday and begged customers to turn down their thermostats. They pleaded with local governments to shut businesses down to reduce the drain of home and office heating.

Utility companies can usually buy in power from neighbours, but the sub-zero temperatures covered such a wide area of the country – from Maine in the north-east to Alabama on the Gulf of Mexico – that few generators had much spare power to sell.

Washington, midway between north and south and afflicted with the weather extremes of both, always seems to suffer more than other places when snow or ice hits. Cold weather states may get more snow, but they rarely become warm

Continued on Page 14

Banesto says estimate of funding need was too low

By Tom Burns in Madrid and John Gapper in London

Banco Espanol de Credito (Banesto), the troubled Spanish bank, yesterday said that the funding needed to restore its balance sheet would be about a third more than the amount estimated by the Bank of Spain three weeks ago.

The bank, which put the overvaluation of its assets at Pta675bn ($4.7bn) compared with the central bank's figure of Pta503bn, also disclosed details of a restructuring plan that would require substantial assistance from other banks.

The plan, to be presented to the chairmen of the top five domestic banks and the Bank of Spain next week, involves the other banks' directly and indirectly providing up to Pta350bn of financial support to restructure Banesto.

Banesto would transfer all its Pta245bn reserves into provisions and absorb a further Pta24bn of equity in provisions. That would reduce the nominal value of individual shares from Pta700 to Pta500.

The plan also includes the acquisition of up to Pta200bn of its non-performing loans by the Deposit Guarantee Fund, which is funded by banks, and a Pta120bn-Pta150bn capital increase that would be underwritten by a number of banks.

Some Pta66bn which the Bank of Spain has estimated as the shortfall in Banesto's pension fund would be written down over time. That was the intention of an earlier plan proposed by Banesto's adviser, the US bank J.P. Morgan.

The plan no longer includes a $400m convertible bond issue, which J.P. Morgan had intended as the final plank of a previous capital-raising exercise.

Banesto's plan, which is weighted towards reassuring its shareholders, is likely to be backed by the authorities, which are concerned that a more aggressive cut in the nominal share price would have a negative impact on the markets.

The proposed nominal cut also reflects the apparent present value of Banesto equity, which stood at Pta1,995 a share when trading was suspended.

In the off-the-floor "grey" market of the Madrid bolsa, Banesto shares are currently being exchanged at between Pta500 and Pta700, according to Madrid brokers Maxwell and Espinosa, with a daily volume of between $1m and $2m.

Banesto's plan is likely to be contested by other banks on the ground that they will be penalised too much for Banesto's mismanagement. Some banks believe Banesto may be taking a deliberately pessimistic view of its assets.

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NEWS: EUROPE

Despite the 'waltz of the generals' Paris is determined to keep troops in Bosnia

Friction with UN fails to deter French

By David Buchan in Paris

France still considers that pulling its blue helmet troops out of Bosnia would be "catastrophic" because the war might spread, but it regards the prospect of retreat as no longer unthinkable, a senior official said yesterday.

The deepening gloom in Paris, which led Mr Alain Juppé, the foreign minister, yesterday to call urgent consultations between the European Union, the US and Russia, is the result of the failure of the Geneva negotiations to produce any diplomatic breakthrough, of intensification of the war with the beleaguered Moslems now fighting back and causing French casualties in the process, and of command difficulties with the United Nations.

President François Mitterrand is shortly expected to propose to Mr Boutros Boutros-Ghali, UN secretary general, that General Bertrand de Lapresle, commander of France's rapid reaction force, should succeed General Jean Cot as the head of the United Nations Protection Force in the former Yugoslavia.

Gen Cot ran foul of Mr Boutros-Ghali for publicly criticising the UN chief for hamstringing his operation, and his departure by March 31 is being reluctantly accepted by Paris.

Apart from General Cot's somewhat choleric reputation even inside the French military – which contrasted with the more imperturbable temperament of his predecessor, General Philippe Morillon – French officials see more general reasons for the chronic friction between commanders on the spot and UN headquarters in New York. The military commanders "not only have no real political power behind them, but also do not have the proper means to carry out a mission which the politicians keep increasing".

Last summer, the UN gave them the task of creating "safe havens" for Moslem refugees, last autumn the European Union came up with the idea of creating a "humanitarian corridor" into Bosnia from the sea.

France's chief military frustration with the UN has been over the procedure for authorising possible air strikes to enforce UN resolutions. At the outset it was agreed that initial authorisation had to come from the UN secretary general, while authority for subsequent air strikes could come from the Unprofor commander.

But the air threat has been regarded as bluff by the warring parties, who know well Mr Boutros-Ghali's reluctance to order bombing raids. In two separate ways, French commanders have tried – and failed – to make the threat more credible.

Sarajevo yesterday: two grieving sisters of a Bosnian soldier killed three days ago Reuter

General Cot asked the UN to delegate to him the power to generally initiate air strikes on forces directly attacking the UN military troops, buildings or convoys. Mr Boutros-Ghali refused, but the French government did not make a fuss, choosing to treat it as an issue between the UN chief and his local commander.

After this month's Nato summit threat to use possible air power to force the opening of the Tuzla airfield in northern Bosnia, France made a proposal which it thought would salve the UN secretary general's worry about giving carte blanche to a general. It suggested that, in the precise case of Tuzla, Mr Boutros-Ghali should delegate to his Japanese deputy in Bosnia, Mr Yasushi Akashi, the right to order an air strike. Again, Mr Boutros-Ghali refused. His failure to trust even his own deputy has angered Paris.

The growing French view is that the UN in New York is not up to its job. "Not only do they have too many UN troops to worry about – 24,000 around the world – but they have a culture which is capable of managing static situations like Cyprus, but not fast-moving conflicts like Bosnia or Somalia," an official said yesterday.

Friction with the UN is, however, something which France appears willing to live with, even if it causes what is being dubbed in Paris "the waltz of the generals" in and out of Bosnia. In the end, it will be the warring parties' behaviour in Geneva and on the battlefield that will determine whether the French stay. Among their partners in ex-Yugoslavia, Paris is aware of the growing inclination of Britain and Spain to pull their men out. "Any departure will have to be co-ordinated," said an official yesterday, adding: "We don't want another Dunkirk."

Reformer quits rather than cry surrender

By Leyla Boulton in Moscow

The departure of Mr Boris Fyodorov, Russia's 35-year-old finance minister, leaves a gaping hole in the country's capacity to reform the economy.

His prevarication over whether to quit once his conditions for staying were questioned demonstrated his reluctance to be seen as a quitter at a perilous juncture for reform. Unlike his resignation from the same job in December 1991 – when he pointed out that Mr Yeltsin was not ready to even start economic reform – he knew how much there was to lose if he left this time around.

His departure is a triumph for the tired former managers of state industry who will now attempt to fight inflation by means other than tough monetary and fiscal policy.

"It shows the government is determined to change tack and see if there are other ways to control inflation," said one western economist.

"I would expect what they are saying – more support for industry and agriculture and less reliance on markets to determine economic restructuring. It is a change of direction rather than going from one extreme to another."

Although it does not mean the death of economic reform – which would now be difficult to stop – it does herald a slowing of its pace and a reduction in its quality.

It means the loss of a highly-effective and honest professional to a government that has no ministers, with the exception of Mr Anatoly Chubais, the deputy prime minister responsible for privatisation, who can point to any concrete achievements.

Part of the problem for Russian economic reform has been a dearth of talented figures to push it through – and the lack of a comprehensive and synchronised policy programme.

Over the past year, Mr Fyodorov has struggled relentlessly to curb Russia's very high inflation, and at the very least, fended off a very real threat of hyper-inflation.

He was also accused in the process of starving various ministries of funds to spend on industry, defence and state employees. But he had very little choice in a government accustomed to taking spending decisions it could not afford.

His attempts to impose some financial discipline have also been attacked as only part of the solution to inflation, now around 20 per cent a month, with everybody from the central bank chairman to Mr Alexander Shokhin, newly-appointed economics minister, stressing the need to promote competition in the highly-monopolised economy.

But it is hardly an inditement of Mr Fyodorov that he carried out his duties as a finance minister, while colleagues such as Mr Oleg Soskovets, the first deputy prime minister for industry, produced no tangible results in restructuring industry.

Since returning to Moscow in December 1992 from Washington, where he represented Russia at the World Bank, Mr Fyodorov single-handedly pushed through many institutional reforms to build a market economy in Russia – one example being his scrapping of state subsidies disguised as bank credits, which may now be reversed.

He also attracted bright Russian economists to the finance ministry, who may now quit. These include Mr Sergei Alexashenko, a talented economist who has been instrumental in redesigning Russia's budget system to meet the requirements of a more decentralised Russia.

His departure will also be a blow to the confidence of western financial institutions, creditor banks, and large sections of Russia's business community. Mr Fyodorov, who is both witty and articulate, had become the preferred interlocutor for Russian and western capitalists.

To a certain extent, this fighter of a minister had painted himself into a corner by saying he would resign if Mr Victor Gerashchenko stayed on as central bank chairman and if Mr Alexander Zaveriukha remained deputy prime minister responsible for agriculture. But his ability to resort to every weapon - including angry public declarations which he described as moral pressure - was part of his strength.

It was this sort of behaviour that saw him force Mr Gerashchenko to agree to broaden the currency market and bring ridiculously low interest rates - which had been inter alia a major source of corruption - closer to inflation.

Although he was the man many loved to hate, many of his supposed enemies will be sorry to see him go - at the very least for pursuing a clear policy rather than no policy at all. "He was right not to give money to everybody who wanted it," said one executive at Avtovaz, Russia's largest car producer. "Why should he give more money to agriculture when we cannot even reap what we sow?"

Red tape tangles up UN troops in Bosnia

Commanders believe the organisation is in danger of losing its credibility there, writes **Gillian Tett**

By Gillian Tett

UN troops in Bosnia have been so hamstrung by bureaucracy that their control room has been forced to hold whip-arounds to raise money for essential equipment. The military commander says that on one occasion he learned of his movements not from his superiors, but from CNN TV. Troops of more than eight nationalities are communicating in second languages within an inadequate military command structure.

If Mr Douglas Hurd, British foreign secretary, needs any further convincing about the deep frustrations felt by the UN troops on the ground in Bosnia, he could do worse than take note of this description of UN operations given recently by Brig Vere Hayes, former UN chief of staff in Bosnia.

In the sixth months Brig Hayes served in Bosnia, between spring and autumn last year, he experienced a catalogue of difficulties that have now led many military commanders in Bosnia to believe the UN is in danger of completely losing its credibility there.

Gen Hayes claimed the frustrations stemmed from the inadequacy of the UN command, which did not have a proper military control centre when the peacekeeping operation was first established. This has been partly rectified, but the command structure is still essentially devoted to peace-keeping rather than peace-creating operations.

The result has been a structure ill-equipped to respond with speed. When Brig Hayes was embroiled in the delicate task of monitoring Serb positions on Mt Igman around Sarajevo last year, he was, at one point, told of his next movements by his press officer who had been watching CNN.

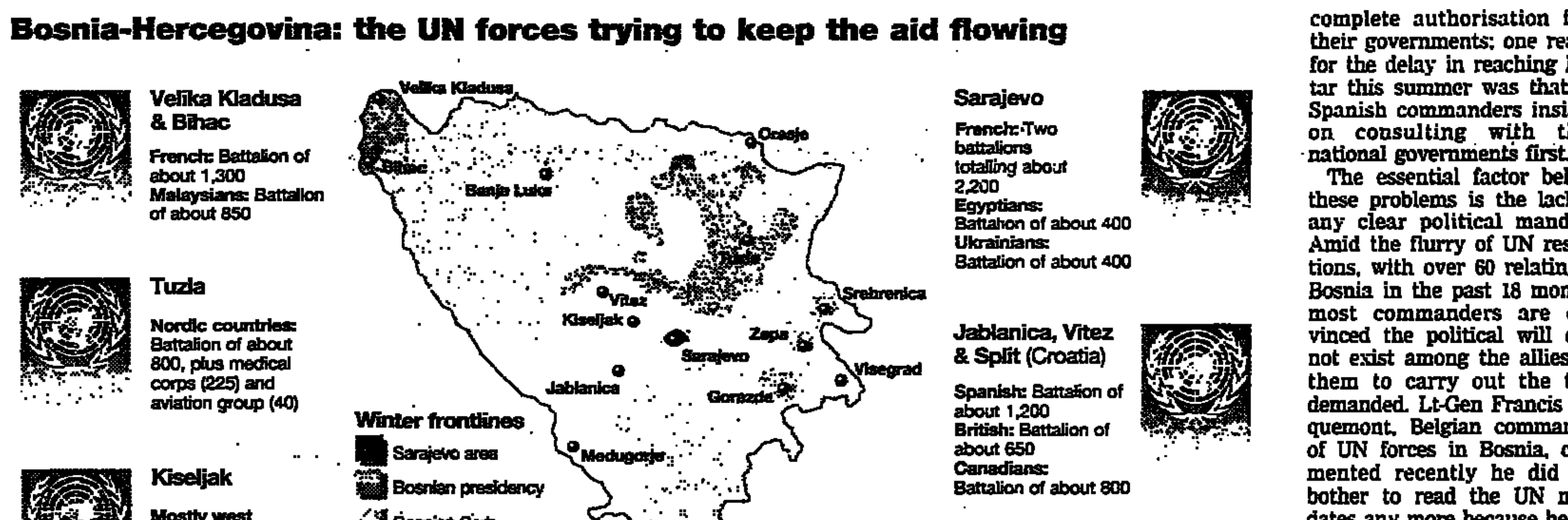
With no independent UN intelligence-gathering structure in place, UN commanders depend on national battalions sharing intelligence to plan their operations – intelligence the separate national commanders have often been unwilling to share.

National commanders have been increasingly reluctant to obey UN commands without complete authorisation from their governments; one reason for the delay in reaching Mostar this summer was that the Spanish commanders insisted on consulting with their national governments first.

The essential factor behind these problems is the lack of any clear political mandate. Amid the flurry of UN resolutions, with over 60 relating to Bosnia in the past 18 months, most commanders are convinced the political will does not exist among the allies for them to carry out the task demanded. Lt-Gen Francis Briquemont, Belgian commander of UN forces in Bosnia, commented recently he did not bother to read the UN mandates any more because he did not have the troops to carry them out.

The result has been that the troops have faced almost daily humiliation at the hands of the combatants, amid a steadily-mounting death toll and growing doubts about their effectiveness. A UNHCR report by the UN High Commission for Refugees has estimated only 20 per cent of last month's aid to central Bosnia was delivered; UK officials believe up to one-third across Bosnia falls into the hands of soldiers.

Bosnia-Hercegovina: the UN forces trying to keep the aid flowing



Russians muscle in on oil deals

By Steve LeVine in Ankara and Robert Corzine in London

Russia is pressing for equity shares in some of the biggest oil and gas projects being undertaken by western companies in other former Soviet republics, but without putting in any capital.

Lukoil, a Russian state-owned energy company, is seeking a share of oil and natural gas fields to be developed by western companies in Kazakhstan. The move comes only weeks after Lukoil was allowed to participate in the Azerbaijan government's 30 per cent share of a British Petroleum-led consortium to develop offshore Caspian Sea fields.

The company is relying on political and economic pressure from Moscow to muscle into "all the major oil deals" in Kazakhstan, said a western diplomat in Alma-ata, the Kazakh capital. "They are after an equity share in these deals without (putting) any equity into them," he said.

One of Lukoil's main targets is the Karachaganak gas field in northern Kazakhstan. It is the focus of a $5bn development by British Gas and Agip, the Italian oil company.

The Russian companies believe they have a valid claim for a share in the big developments in neighbouring countries because they were discovered during the Soviet era.

Oil industry experts say Russian participation in such projects should have little direct impact on western companies, as long as the shares come out of the host government's stakes.

Bundesbank announces a more refined system

By Christopher Parkes in Frankfurt

The Bundesbank yesterday reduced and restructured its minimum reserve requirements in a move which it claimed would reduce costs and improve competitiveness in the German banking system.

It would also allow private sector banks' room to adjust their interest rates, the central bank said in a statement after a routine meeting of its policy-making council. From March 1, requirements for sight deposits held by domestic and foreign investors will be fixed at 5 per cent. At present German deposits are subject to a scale of requirements ranging from 6.6 per cent to 12.1 per cent.

The Bundesbank calculated that the changes would lead to a total reduction of DM29bn (£11.3bn) in requirements set against their deposits, including DM18bn currently held interest-free at the central bank. "This will allow us to use these funds more effectively," said a spokesman for Commerzbank. "It will also level the playing field and allow us to compete better with French and British banks."

But banking analysts were uncertain whether it would lead to more generous borrowing conditions for the private sector. "Some benefits may be passed on to better quality clients," one said.

German banks have been widely criticised for their apparent reluctance to pass on to customers the full benefits of the Bundesbank's series of rate cuts over the past 18 months.

The Bundesbank has traditionally used minimum reserve requirements as a means of controlling money supply growth, which is the central factor in its interest rates policy.

The changes would not affect the long-term effectiveness of minimum reserves, which it described as an "important instrument", the bank said in a statement. It would compensate for the increase in liquidity caused by the reduced requirements by reducing the volume of funds injected regularly through its securities repurchase agreements.

Yesterday's meeting, which left key interest rates unchanged, agreed that repurchase agreements for the next two weeks would continue at a fixed rate of 6 per cent. The repo rate has been unchanged since December 8, while the short-term discount and Lombard rates were last reduced on October 22 last year.

Brussels wants to stop UK social policy opt-out

By Robert Taylor, Labour Correspondent

The European Commission wants to end Britain's social policy opt-out after 1996, it emerged yesterday.

In a confidential document sent to member governments on the working of the social protocol agreed at Maastricht two years ago, the commission makes clear the British opt-out must not be allowed to continue indefinitely.

"The commission firmly believes the conference of representatives of the governments of the EU's member states to be convened in 1996 must find a way to return to a single legal basis for community action in the social field," it argues.

British ministers see the opt-out as a lasting achievement that will improve the country's competitiveness by keeping down labour costs. They believe they are winning the argument inside the EU on the need for a more flexible European labour market through less regulation of social affairs.

Mr Howard Davies, director-general of the Confederation of British Industry, yesterday criticised the commission's efforts to press for a shorter working week or job-sharing as answers to European unemployment. "These are not viable long-term solutions," he told a meeting of European business leaders. "If high employment could be brought about by short working hours than Europe would have no unemployment at all".

Mr Davies said European workers already worked fewer hours a year than their American or Japanese counterparts and many of the proposals on job sharing would merely add to employer costs and increase not reduce unemployment.

He also denounced the commission's determination to introduce European-wide works councils for large companies with plants in more than one member state. It was inconceivable this could contribute to competitiveness or generating employment.

Commission urges France to halt state subsidies to Groupe Bull

By Andrew Hill in Brussels

The European Commission will next week call on the French government to suspend a final FFr2.5bn (£287m) tranche of aid to Groupe Bull, the loss-making computer group, pending the outcome of a Commission investigation into FFr11.1bn of subsidies.

Officials agreed yesterday that the 17 commissioners would adopt the proposal from Mr Karel Van Miert, competition commissioner, next Wednesday without further discussion.

The decision represents growing frustration in Brussels that the French government has failed to provide details of its restructuring plan for Bull, announced last October. Commission officials admitted yesterday they could do little to force France to comply with the request. However, one official advised the French government to act before next Wednesday's meeting to defuse the tension over the Bull case. "If the French have any common sense they will send a letter to Van Miert undertaking not to pay the remaining part of the aid," said the official.

The Commission is already investigating a FFr2.5bn capital allocation to Bull, granted by the previous French government, on the grounds that it may distort competition. Commissioners will agree next week to extend that inquiry to cover the FFr8.6bn allocation from the present government and France Telecom, which owns 16 per cent of Bull.

Commissioners face a much more difficult decision on Mr Van Miert's controversial proposal to block a three-way joint venture involving French, German and Italian manufacturers of stainless steel tubes. If the deal is opposed, it will be only the second time that the EU's 1990 merger regulation has been used to outlaw a deal. Officials said yesterday that they were under heavy pressure from lobbyists and trade unions to approve the venture, but it was difficult to predict which way commissioners would vote. The Commission is also set to wave through Mr Van Miert's proposal to open an investigation into subsidies from the city-state of Bremen, Germany, to Klöckner-Werke's steel mill.

A decision on whether to block the subsidies will not be taken until later. But Mr Van Miert is known to be extremely concerned about the city-state's plan to sell the steel mill and grant a DM200m cash injection to maintain steel-making capacity, at a time when other steelmakers are forsaking subsidies and cutting production. Officials said yesterday the Commission would act fast to reach a decision on the case.

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Aftershocks compound LA's misery

By Louise Kehoe in Los Angeles

Strong aftershocks have compounded the problems of earthquake-weary residents of Los Angeles and complicated the tasks of those struggling to restore basic services to the city.

Two jolts, each measuring 5.1 on the Richter scale, occurred just two minutes apart on Wednesday afternoon, causing further structural damage to buildings already weakened by Monday's pre-dawn 6.6 quake.

Building inspectors, who fanned out across the city on Wednesday morning, will have to re-examine many of the damaged homes and commercial structures that they had previously deemed inhabitable. Schools, most of which remain closed, must similarly be re-inspected for damage.

Of approximately 600 schools, over 100 have sustained significant damage, with 24 that are severely battered with collapsed walls and ceilings. It is not known when many of the city's 640,000 students may be able to return to school. Preliminary damage estimates run to $700m.

The aftershocks also increased the fears of those who have abandoned their homes. Despite the efforts of city officials to persuade them to find shelter, about 18,000 people spent a third night in parks and open spaces.

For commuters, the aftershocks caused more misery. Residents of the Santa Clarita Valley, to the north of Los Angeles, now virtually isolated by freeway closures, have been encouraged to abandon their cars in favour of the Metro-Link suburban train service. That too, however, was temporarily closed on Wednesday afternoon when aftershocks caused a rockslide.

The 8000 passengers who had taken the train to work on Wednesday faced long delays on on their return journey. Traffic congestion remains the most widespread impact with millions of people struggling to find alternative routes to work as businesses reopen.

In the hard-hit San Fernando Valley, some 40,000 homes are expected to be without running water for several more days and more than 30,000 customers still have no electricity.

Housing starts in US outstrip predictions

US housing starts rose by an unexpectedly strong 6.2 per cent in December to an annual rate of 1.54m, the Commerce Department said yesterday, agencies report from New York and Washington. Wall Street economists had expected December housing starts at a 1.43m annual rate.

The housing figure, up from 4.3 per cent in November, was coupled with an even more impressive 7.4 per cent increase in building permits last month.

Meanwhile, Mr Roger Altman, deputy treasury secretary, said yesterday that fourth quarter growth rate "could have been" as strong as 6 per cent in real terms.

"It's clear that [the fourth quarter] was a strong quarter – a very strong quarter – and we hope that despite this weather the first quarter will maintain that momentum... I'm not suggesting that the first quarter will be in the 6 per cent area. I doubt that very strongly. But it should be a good quarter."

The department said December housing starts, which were up for the fifth month in a row, were at the highest level since January 1990, when they stood at 1.55m. Starts for all last year climbed to an unadjusted 1.29m, the highest annual total since 1.38m in 1989.

Economists said the permits increase, to an annual level of 1.475m, suggested more housebuilding strength in the next few months, though building was likely to drop off this month because of the severe cold weather in the east and the Los Angeles earthquake.

Vice President Al Gore said recently that gross domestic product could expand at an annual rate of as much as 6 per cent, after eliminating the effects of inflation, in the fourth quarter.

Venezuelan bank to repay depositors

By Joseph Mann in Caracas

Banco Latino, the big Venezuelan commercial bank that closed its doors a week ago, will re-open on January 28 to start repaying depositors, but initially only up to $930 each, government officials said.

The re-opening is the first phase of a government plan to return deposits to small account holders, and to try putting the institution back on its feet. By refunding deposits of up to $930 the government believes it will cover demands from over 631,000 individual account holders.

The government will later repay larger sums to depositors, but the maximum guarantee for each account – 1m Venezuelan bolivars or about $9,300 – will not be paid out unless the bank is liquidated.

Caracas has been rife with rumours about other financial institutions. Mr Roger Urbina, the superintendent of banks who has taken temporary control of Banco Latino, warned that if the rumours continue, other Venezuelan banks could be endangered.

US releases Nicaragua aid

The US has released $40m in aid to Nicaragua this week as part of $104m blocked since June because of allegations that US money was going to the leftist opposition Sandinistas, AP reports from Managua.

US Ambassador John F. Maisto said it was a gesture of "tangible support for Nicaragua's efforts to forge a true national reconciliation within a democratic framework".

The administration originally blocked the aid at the insistence of Senator Jesse Helms, a Republican from North Carolina, following complaints by conservative groups that money was going to the Sandinistas, who still control the military, police and security agencies.

Canadians search for their 'je ne sais quoi'

Bernard Simon examines how Canadian political parties are seeking an entente with Quebec

Within minutes of proceedings getting underway this week in the House of Commons in Ottawa, it was obvious that a new set of dynamics was at play in Canadian politics.

A member of the Bloc Québécois, the group campaigning for Quebec to loosen its ties with the rest of Canada, rose to complain that no Québécois ice hockey players were included in the national team for the Winter Olympics. What would the newly-elected Liberal government do, he asked, to end such "discrimination" against the francophone province?

Minutes later, the leader of the prairie-based Reform party injected a populist note into question period. Instead of asking ministers a question prepared by backroom party researchers, Mr Preston Manning read one which had been faxed in by an Ottawa doctor to Reform's new parliamentary "hot-line".

The BQ and the Reform party were catapulted to centre stage in last October's general election. The Liberals easily swept into office, routing the Progressive Conservatives who had governed since 1984. But the gains chalked up by the two regional parties – largely at the expense of the Tories – transformed the House of Commons. The BQ, which had eight seats in the previous parliament, is now the official opposition, with 54. Reform's representation has ballooned from one to 52. Altogether, more than two-thirds of the 295 MPs elected last October are newcomers. The strength of the BQ and Reform has injected an unusual degree of instability into Canadian politics.

Only a handful of Reform MPs speak French, while most BQ members have little knowledge of Canada outside Quebec. When the two parties held a get-acquainted pancake breakfast last week, an interpreter was stationed at each table to keep the conversation going.

The biggest uncertainty is whether the Canadian federation can survive the centrifugal force of the BQ, which wants to take Quebec out of Canada; and Reform, which wouldn't mind if Quebec stayed, so long as it wanted no special favours.

The two parties have dropped each other a few crumbs of mutual tolerance. Mr Manning is taking French lessons, despite his party's opposition to national bilingualism. Similarly, Mr Lucien Bouchard, the BQ leader, has pledged to speak not only for Quebec, but for all Canadians in his new role as leader of the opposition. In his opening speech to parliament, Mr Bouchard promised that until an independence referendum is held in Quebec, the BQ will make a stand on such national issues as unemployment, the budget deficit and looming social security cuts. The BQ's drive for greater devolution of powers from Ottawa will fall on some sympathetic ears outside Quebec.

Mr Manning's Reform party wants political dialogue with the prime minister Jean Chrétien

It quickly became clear this week however, that the item at the top of the BQ's agenda is Quebec independence. "The political problem with Canada is Quebec, and the problem of Quebec is Canada," Mr Bouchard said. He and his colleagues reeled off a list of grievances to prove that Quebec was being short-changed by the rest of the country.

The BQ's eyes are firmly set on the provincial election in Quebec, which is expected to be called next September. The BQ's provincial counterpart, the Parti Québécois, has promised to hold an independence referendum within a year if it wins the election. The PQ is riding high in the polls. The ruling Liberal party in Quebec has been weakened by the recent retirement of Mr Robert Bourassa, its popular leader, who had been premier since 1985. His successor, Mr Daniel Johnson, faces an uphill struggle.

The federal Liberals under prime minister Mr Jean Chrétien are confident, however, that they can outmanoeuvre the BQ as well as Reform. The Liberals expect that the disparate opposition parties will be no match against their own experience, nationwide base and large parliamentary majority. The previous Conservative government managed to co-opt Quebec nationalists for most of the 1980s by pandering to their demands for wider powers. But the Liberals are taking a different tack.

They hope that an accelerating economic recovery, sound government in Ottawa and an emphasis on the tangible benefits of remaining part of Canada will persuade Québécois voters to shun the separatists.

The Quebec Liberals are expected to follow Mr Chrétien's upbeat line in the months leading up the election. Mr Johnson this week kicked off what is likely to be a series of job-creation initiatives with a government-funded home-renovation scheme.

If these tactics work, and the separatists lose either the forthcoming election or the ensuing independence referendum, the BQ would lose its raison d'être, and might quickly wither. Reform's future depends largely on its ability to present itself as a moderate, disciplined and credible opposition.

On the other hand, if the Liberals fail to contain the scrappy newcomers on the opposition benches, Canada's politics are bound to become even more unsettled.

Airlines to stop sales in naira

By Paul Adams in Lagos

International airlines in Nigeria are to stop ticket sales in local currency from February 1 to prevent a backlog of naira earnings until the government clarifies its new foreign exchange regulations.

The decision follows warnings by businessmen that exchange rate and interest rate controls introduced in last week's budget are unworkable, and will severely erode legitimate foreign trade.

Mr Ebenezer Babatope, transport minister, has threatened to penalise the Board of Airline Representatives for action he called "embarrassing but also illegal and out of tune with the aspirations of this year's budget".

If the minister overrules the ban on naira sales, the airlines could respond by issuing tickets only outside Nigeria. The airlines said told the government last July they were worried about the backlog in remittances which had reached the naira equivalent of $50m (£33.3m) by the start of January.

The airlines are concerned the 1994 budget could make their position worse as it makes no provision for invisible earnings but allocates 80 per cent of foreign exchange to manufacturing industry and agriculture. Nigeria's deepening economic crisis has led to fears of rapid depreciation of the naira. "Our decision is just to limit the damage," an airline official said in Lagos yesterday.

"The airlines in Nigeria need an average of $30m a month to remit their local currency ticket sales to Europe. According to the budget, we won't get anything like that amount and we will be left with an even bigger naira balance."

The government fixes air fares from Nigeria to Europe at below the sale price in Europe but airlines also have to base the naira price on the official exchange rate of N22 per dollar, though last year they changed it into dollars at the market rate of around N45.

Patten opposes referendum on reform plans

By Alexander Nicoll, Asia Editor

Mr Chris Patten, Hong Kong's governor, yesterday voiced opposition to a referendum on political development, saying it would serve little purpose and would be bitterly opposed by Beijing.

Mr Patten offered a spirited defence of his attempts to broaden the democratic franchise as he faced more than two hours of questioning from a House of Commons foreign affairs select committee.

He appealed to Beijing to resume negotiations, which broke down in November on his proposals on arrangements for elections to be held this year and in 1995.

Mr Patten said that, with opinion polls consistently backing his plans, a referendum would reveal little new. It was in any case up to the Legislative Council to decide on electoral procedure. He also noted that China was "completely neuralgic" on the question. "I'm not in the business of trying to tweak the Chinese tail."

Mr Patten said a referendum would also unnecessarily polarise opinion in Hong Kong. "I've got enough experience never to say never but I'm not disposed to believe that it would be the right way forward for Hong Kong."

Questions from members of the UK parliament revealed a difference in priorities from their last report in 1989, which recommended direct elections to LegCo be drastically speeded up. Instead, they exhibited concern that Mr Patten's more modest attempts to widen the franchise only of indirectly elected seats had been too confrontational and made without sufficient consultation with Beijing.

Some questions reflected criticisms of Mr Patten which the committee recently heard from Sir Percy Cradock, a retired senior diplomat, who described the governor's approach as reckless and counter-productive.

Mr Patten rejected Sir Percy's allegation that he had refused Beijing's request for consultations on his proposals. He said Sir Percy, arguing for settlement with Beijing on the best terms available, failed to specify exactly what he would be prepared to settle for.

Britain buys time on HK airport funding

But the project may not be operational much before 2000, writes Simon Holberton

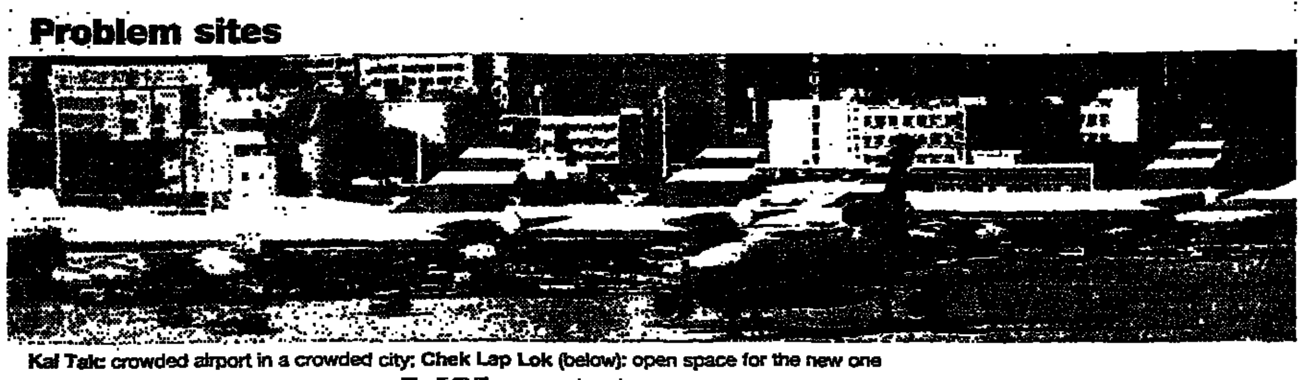
Today's vote in Hong Kong's Legislative Council (LegCo) on extra finance for the colony's HK$160bn (£14bn) airport will, at best, buy Britain a few months more to agree with China the overall funding of Asia's largest integrated transport plan.

The Hong Kong government is asking the finance committee of LegCo to approve an extra HK$1.7bn of government spending on the airport. Of this, HK$377m is for the running costs of the Provisional Airport Authority (PAA) until March 1995; HK$1.3bn is for design work and construction of foundations for the airport terminal.

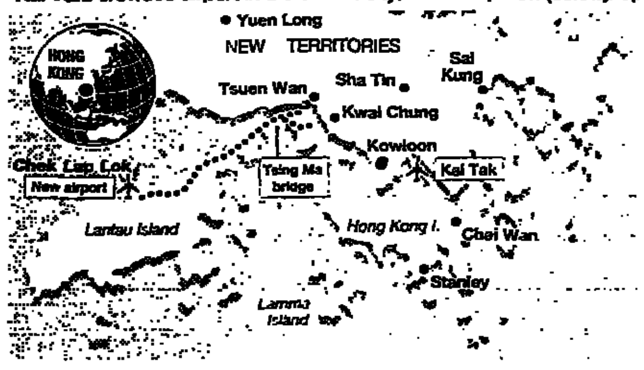
If LegCo approves this finance, and it seems it will, the Hong Kong government will have until the summer to agree with China the overall financing for the project, an agreement which would keep alive the hope of finishing the project before the end of British rule in mid-1997. The balance of risk remains on the side of no agreement and that the government will have to admit publicly what most businessmen and government officials are saying in private: that the airport will not become fully operational much before 2000.

Companies planning to tender for vital airport services, such as baggage and cargo handling, believe the new airport at Chek Lap Kok will not be fully operational until mid-1998. This prediction assumes the PAA is able to award the franchises for the various services by July this year, and importantly, that China gives its blessing to the franchisees.

Problem sites



Kai Tak: crowded airport in a crowded city; Chek Lap Lok (below): open space for the new one



Potential holders of a franchise are in little doubt as to the importance of China's approval. One senior businessman whose company will be tendering from a franchise said: "If the PAA awards the franchises without Beijing's approval, all China has to do is say they do not think it a good idea, and the banks will not lend the money. China calls all the shots."

Many in Hong Kong believe the political row between China and Britain over democracy in Hong Kong has made it virtually impossible for China to agree to the Hong Kong government's suggestions on how to finance the project. Some believe China has decided it does not want the British to "complete" the airport and would rather it be finished a year or so into Chinese sovereignty.

Mr Victor Sit, a university professor and adviser to Beijing on the airport, believes officials in China run a personal political risk if they accede to the Hong Kong government's suggestions for financing the airport at this time, when relations are so fraught. "There is a very serious problem of mistrust, so if they [Beijing officials] let go of the airport issue, there would be more political troubles...for themselves," he said recently.

British officials hope Mr Sit is wrong. They speculate that between now and when Governor Chris Patten introduces his second political reform bill (probably in early March) there exists a chance for a deal.

To test this, Britain requested a meeting of the Anglo-Chinese "airport committee" earlier this week and indicated it was prepared to make yet another offer on the financing of the airport.

Since March 1992, it has made three separate proposals. But the fourth and latest offer may meet China's stated concerns about the level of debt the airport and railway will carry, come July 1997, when responsibility for Hong Kong passes from Britain to China.

The Hong Kong government sought to meet Beijing's complaint about debt in its second financial proposal, made public in September 1992. Debt financing for the airport was cut to $HK5.9bn from HK$37bn, while the debt needed to be raised to build the airport railway was cut to HK$17bn from HK$36bn.

The "problem" with this proposal was that about half the $HK50bn increase in equity it envisaged would come from a land fund established for the use of the post-colonial government. China, which wanted more equity, was not prepared to spend its "own" money to see that end achieved.

Beijing, on safer ground, also pointed out that the British had agreed in 1991 that total government debt outstanding at June 1997 should not exceed HK$5bn. The Hong Kong government was still in breach of that agreement as the project's total debt was HK$23bn. Details of the latest financial proposal are not public but it is understood the government is prepared to throw yet more equity at the airport and its connecting railway, meaning a commensurately lower level of debt.

There is much resistance within the government to putting more money into the airport, but Hong Kong can afford it. Its coffers are brimming with cash, mainly due to receipts from stamp duty on stock market transactions; a projected deficit of HK$3.5bn in 1993-94 is now expected to be a large surplus.

China has yet to respond to the request for another meeting of the airport committee or to the latest financial proposal. Mr Zhang Junsheng, a Chinese official in Hong Kong, lowered official hopes of a positive response when he indicated a meeting of the committee was not in the offing.

S African township taxes to be paid

By Patti Waldmeir in Johannesburg

South Africa's black township dwellers are to resume paying rent and taxes to local governments, ending a decade-long boycott which played a part in forcing the ruling National party to end apartheid.

Representatives of black community organisations yesterday signed an accord calling on residents to restart payments, in exchange for a government commitment to resume and improve the quality of services in black townships, where electricity, water, sewage and refuse collection are provided intermittently or not at all.

African National Congress President Nelson Mandela told a conference of local authorities yesterday the ANC would launch a campaign to end the boycott, which could prove an embarrassment to a new ANC government. Residents who have paid no charges for years will not resume immediately, despite Mr Mandela's urging; many will resist paying until services improve substantially.

The agreement is part of a radical reorganisation of local government to end racial segregation. Within 90 days, most black and white local councils will merge, and share one tax base, ahead of local government elections later this year or next.

Algerian offer 'not enough'

The exiled spokesman for Algeria's outlawed Islamic Salvation Front (FIS) said yesterday the release of hundreds of Moslem fundamentalist prisoners was not enough to justify opening a dialogue with the government, Reuter reports from Paris. "We are happy at the release of some of our brothers but that is not sufficient. We must have the release of all political prisoners, first and foremost our leaders," Mr Rabah Kebir said.

US fingers crossed over N Korea

John Burton on why Washington is being so patient with Pyongyang

The leader pages of US newspapers have been filled with columns in recent weeks criticising the Clinton administration for appeasing North Korea and urging it to take tougher measures to force Pyongyang to comply with the nuclear non-proliferation treaty.

"If that's what these pundits want, they should sit on their pencils and lead the charge across the (Korean) DMZ," said one irritated US State Department official.

The worry among US diplomats is that tough actions, ranging from economic sanctions to pre-emptive military strikes against North Korea's nuclear facilities, could precipitate one of the most destructive wars since 1945.

It is the main reason why the US has been patiently pursuing negotiations with North Korea to persuade it to accept full international inspections of its nuclear sites.

The dilemma is what happens if those negotiations fail. Will the US risk a conflict on the Korean peninsula or instead decide to live with a possibly nuclear North Korea as it has done with other suspected nuclear powers such as Pakistan?

There is some optimism that decision will never have to be made. North Korea has been discussing details of the resumption of regular inspections of seven nuclear sites meeting with the International Atomic Energy Agency (IAEA) for the past two weeks in Vienna. The Vienna talks followed an announcement by the US on January 5 that North Korea had agreed in principle to allow the inspections, which have been suspended for almost a year.

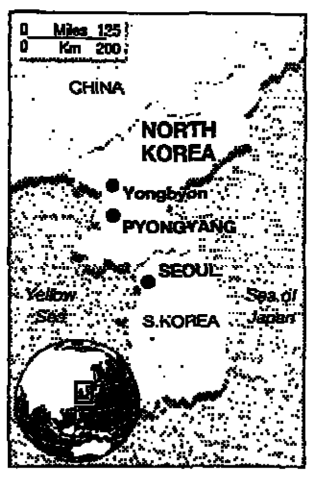
The pace of negotiations has been slower than expected, although the US State Department expressed confidence last week that there is "no reason to believe that there's been any erosion in the North Korean commitments" to resume inspections.

But US intelligence agencies recently estimated that there is a "better than even chance" that North Korea has already constructed one or two crude nuclear devices using plutonium extracted in 1989 from a small 5-megawatt nuclear reactor at the Yongbyon nuclear centre.

The fear is that North Korea's acquisition of nuclear weapons could provoke a nuclear arms race in north-east Asia by forcing Japan and South Korea to follow suit. Pyongyang might also emerge as a supplier of nuclear technology to other anti-western nations, such as Iran.

But disagreements exist among policymakers in Washington and Seoul about whether the North's suspected nuclear weapons programme is real or a bluff and why it is blocking inspections.

The US State Department, for example, disputed the intelligence assessment of the North's nuclear capability. Some US officials privately complain the Defence Department and Central Intelligence Agency have exaggerated the



North Korean threat as part of an effort to curtail cuts in their budgets. "It's how the game is played in Washington," said one official.

There are contrasting explanations for North Korea's behaviour. The most obvious is that the North wants to prevent the IAEA from discovering its nuclear weapons programme because it is intent on possessing nuclear weapons.

The alternative view is that the North is using the nuclear inspection issue as a bargaining chip to win diplomatic recognition and economic aid from the US and bolster its crumbling economy.

A possible contributory factor is that the US angered the North when it resumed the annual Team Spirit military exercises in South Korea last year.

The North agreed to start accepting IAEA inspections in 1992 in return for the suspension of that year's Team Spirit exercises. Pyongyang apparently saw Team Spirit's resumption in 1993 as the US breaking its word and it responded by discontinuing the IAEA inspections.

An interim settlement could include the US suspending Team Spirit this year if the North permits inspections and agrees to negotiate with South Korea on mutual nuclear inspections as promised in their 1991 non-nuclear pact.

This would lay the foundation for a comprehensive agreement in which the US could offer diplomatic recognition and economic support in return for North Korea accepting complete inspections by the IAEA and South Korea.

But the negotiations to reach a package deal could be a long and tortuous process. The Clinton administration is being criticised for possibly giving North Korea breathing space to finish its nuclear weapons programme as it engages in protracted talks.

Negotiations, however, still appear to be the best option in solving the dispute. A pre-emptive attack on the North's nuclear facilities would almost certainly cause the North to attack the South.

UN economic sanctions, if they are not vetoed by China, might also provoke an attack. North Korea would have to draw on its fuel and food reserves for the military to survive sanctions, which would severely weakened its defence. Pyongyang may then see little alternative but to go on the offensive. It is one reason why Japan and South Korea are cautious about proceeding with sanctions.

The options appear tough for a US administration that wants to avoid a war on the Korean peninsula. There is little question that tens and possibly hundreds of thousands would be killed in a conflict that would mainly take place in the heavily-populated environs around Seoul, the world's fifth largest city, which lies just 35 miles from the DMZ.

The Clinton administration has made the North Korean nuclear inspection a test case for stopping nuclear proliferation, but the question remains at what cost. US General Omar Bradley said of the last Korean conflict of 1950-53 that it was "the wrong war, at the wrong place, at the wrong time, and with the wrong enemy". The US will have to determine whether that judgment still holds true.

Australian government officials yesterday admitted they had been approached by North Korea, over the possibility of restoring diplomatic relations, severed unilaterally by the North Koreans almost two decades ago, Nikki Tait reports from Sydney. But Mr Gordon Bilney, acting minister for foreign affairs, said the talks were "very informal and very tentative discussions... essentially diplomatic-level consultations". "There haven't been political contacts of any kind – it's not time for those," he said.

A Palestinian builds a fire of tyres in Ramallah yesterday as part of protests by the PLO's Fatah faction against the death of a youth, shot by Israeli troops while throwing a molotov cocktail

Kuwaiti MPs take hard line

By Robin Allen, recently in Kuwait

The Kuwait National Assembly (parliament) has unanimously repealed a 1990 law imposing restrictions on bringing government ministers to trial.

The repeal comes amid mounting indignation in the National Assembly about the government's failure to answer allegations of fraud behind investment losses by the Kuwait Investment Authority and the London-based Kuwait Investment Office.

A former oil and finance minister, Sheikh Ali Khalifa al-Sabah, who has been mentioned in the case, had been banned from leaving the country, though the ban was later lifted. Many MPs want the ban reimposed.

According to a member of the National Assembly's Public Funds Protection Committee, the government and National Assembly are "completely at odds" over the issue of Kuwait's foreign investments.

The KIA is being called to account over some $500m in losses by KIO in the US, Canada, France and Britain as well as the $4bn-5bn incurred in the collapse of KIO's investment empire in Spain. Sheikh Ali Khalifa has also been criticised by Mr Ahmad al-Saadoun, National Assembly speaker, in connection with losses incurred in Kuwait Petroleum Corporation's 1980 acquisition of US oil drilling group Santa Fe.

The KIA is sticking to its line that most losses were due to bad luck or bad management but that historically the KIA had done a good job.

Old north-south division threatens Yemen's three-year unity

By Eric Watkins in Aden

The threat of civil war lingers in Yemen, despite apparently successful efforts this week to negotiate a settlement to the country's political crisis, now entering its sixth month.

Military units of the former north and south Yemen maintained a watchful stance yesterday along the border which, before unification three years ago, had divided them.

President Ali Abdullah Saleh and Vice President Ali Salem al-Biedh have agreed to meet to sign an agreement which is aimed at ending a crisis that began in late August. It was then that Mr Biedh, frustrated by the lack of co-operation from the president, left the capital Sanaa and returned to Aden, his political base in the former South Yemen.

Mr Biedh had long complained about the lack of security in the country, the continued presence of military forces in cities, and the alleged mismanagement of the economy.

In September, Mr Biedh, who heads the Yemen Socialist party, issued an 18-point programme for national reform and called for its implementation as a condition of his return to Samaa. Although General Saleh has since accepted the YSP programme, he has so far failed to implement it and Mr Biedh has remained in Aden.

Faced with the impasse, leading politicians in late November formed a committee to resolve the dispute and this week finalised a document which, they believe, could end the problem. Incorporating all 18 points of the Socialist programme, the document has raised hopes of a solution to the crisis.

Western diplomatic sources said yesterday that General Saleh was "confident" that the agreement would bring a quick end to the impasse. And optimism appeared to be underscored yesterday as the Yemeni riyal strengthened by nearly 20 per cent in unofficial trading.

But, according to Mr Biedh, implementation of the document is the crucial point in ending the crisis and he has little hope of that. "We will arrive at results which are theoretical, but our real problem will be implementation," he said, but added: "We have no faith that there will be implementation."

Mr Biedh explained earlier this week that he and General Saleh had reached many agreements before but "unfortunately, none have been implemented".

Gen Saleh has meanwhile admitted that reports of a southern aircraft bombing northern troops on Monday were false. He claimed instead that a jet had flown at low altitude over the Al-Malika encampment of northern soldiers in the town of Laudar, about 170 kilometres north east of Aden, and that the resulting sonic boom had been misinterpreted as an explosion.

Journalists visiting the site on Wednesday confirmed that no bombing had occurred, but that last Friday some 300 northern troops had left their base in Laudar and had commandeered a strategically placed private house to control access to and from the town.

Tokyo welcomes end of US trade threat

By Michiyo Nakamoto in Tokyo

Japanese government officials yesterday welcomed a US decision to drop the threat of trade sanctions against Japan. They hoped for a similarly positive outcome to the bilateral trade negotiations, still deadlocked only weeks before a US-Japan summit next month.

US pressure on Japan to make a greater effort in pushing the bilateral framework talks forward is likely to increase when Mr Lloyd Bentsen, the US Treasury secretary, stops over in Tokyo on his way back to Washington over the weekend.

Mr Bentsen is to meet the Japanese prime minister and finance minister.

The US cancelled the sanctions, which were scheduled to go into effect yesterday if Japan had not taken steps to open its construction market to foreign competition. The cancellation followed Japan's adoption of a plan to increase the openness and fairness of its *construction market* this week.

Japan has also agreed to monitor, with the US, progress made by foreign construction companies in winning public works contracts. The two sides will conduct an annual review of such data as the number and value of public works projects which are open to competitive bidding, the number of foreign companies which are awarded such contracts and efforts made by foreign companies to win contracts.

Mr Masayoshi Takemura, Japan's chief cabinet secretary, said he hoped the US move to remove the threat of sanctions "will have a favourable effect on the Japan-US framework talks toward the summit in February".

However, almost no progress has been seen in the key areas of contention between the US and Japan in their trade talks, despite the short period left before the summit on February 11, when the leaders of the two countries are expected to announce results on specific issues.

On the crucial issue of opening up Japan's markets to foreign cars and car parts, Japanese *bureaucrats* have continued to resist US proposals for quantitative indicators which the Japanese consider to be numerical targets. The two sides also remain wide apart in other areas such as government procurement and deregulation of financial markets.

The impasse has led to growing US impatience over what officials see as Japanese intransigence in the talks.

An emergency meeting held on improving market access for foreign semiconductor manufacturers in Japan brought no progress.

The US is unhappy that the share of foreign semiconductor companies in Japan has been falling for three quarters despite a bilateral understanding that there would be continued improvement.

EdF in Slovak joint reactor venture

By Patrick Blum in Vienna

Electricité de France (EdF) has signed a joint venture agreement with Slovvensky Energeticky Podnik (SEP), *the Slovak* electricity company, to complete the construction of two nuclear reactors and manage SEP's unfinished nuclear plant at Mochovce, about 120km east of Bratislava.

The total investment for completing the two Soviet-designed *pressurised water* reactors and bringing safety up to western standards is expected to be about DM1.3bn ($765m). The European Bank for *Reconstruction* and Development is expected to provide financing for the project.

This is EdF's first contract to upgrade a Soviet-designed nuclear reactor. Westinghouse Electric of the US won a contract last year to upgrade the Temelin nuclear power plant in the Czech Republic.

Under the agreement, EdF will hold 51 per cent and SEP 49 per cent in EMO, a joint venture company established for the project. *Germany's* Bayernwerk may *also* take a stake in EMO, an EdF official said.

The Mochovce plant has been controversial and construction effectively stopped in late 1989 after the "velvet revolution" that brought an end to the communist regime in what was then Czechoslovakia. Initially the plant was to have four Soviet-designed VVER 440213 reactors with 440MW capacity each. EDF says the reactors are *the most recent* Soviet design and "relatively close" to western standards.

Mitsui and Carlyle in $1m Asian ventures link

By Emiko Terazono in Tokyo

Mitsui, a leading Japanese trading company, will invest $1m in the international division of the Carlyle Group, a Washington investment group, *to take part in joint projects* in Vietnam, China and the former Soviet Union.

Mitsui, which will acquire 10 per cent of the international arm of the US group, said its extensive network in China and South East Asia had attracted Carlyle. The investment group holds equity holdings in companies covering activities such as defence, telecommunications, property and services, and sees new opportunities for investments in the Asian region and Russia.

Mitsui, which has 45 joint ventures in China, and has several offices in Vietnam, in turn hopes Carlyle's extensive political links will create business opportunities in the US.

The chairman of Carlyle, founded in 1987, is Mr Frank Carlucci, secretary of defence in the Reagan administration; and Mr James Baker, former US secretary of state, is a partner. The international division is led by Mr Alton Keel, a former national security adviser to President Ronald Reagan.

Mitsui said it would not deal in defence or military-related equipment, but intended to help defence-linked *companies* suffering from a fall in demand to shift to civilian businesses.

Gatt set to shelve workers' rights agenda

By Frances Williams in Geneva

The controversial question of whether the General Agreement on Tariffs and Trade should try to draw up international rules *covering worker rights is likely to be* shelved until after the Uruguay Round package of agreements is signed next April in Marrakesh.

There is already agreement among Gatt members to draw up a work programme on trade and the environment for approval by ministers in April. In recent weeks President Bill Clinton and Mr Mickey Kantor, the US trade representative, have also strongly backed including labour standards in future global trade negotiations.

However, the idea is strongly opposed by many developing countries which fear a *new pretext for protectionism, and it has* aroused mixed feelings in the European Union. At a meeting yesterday of the Trade Negotiations Committee, which oversees the Uruguay Round, senior trade officials agreed that the Marrakesh agenda should focus on implementing the trade talks that have just ended rather than trying to launch new ones.

Negotiators expect trade-environment discussions to be difficult enough without adding more contentious issues. As well as worker rights, international rules for competition policy, currency movements and *investment are all candidates for inclusion* in future trade talks.

The immediate priority for the 117 nations taking part in the Uruguay Round is to complete negotiations on tariffs and services by mid-February. By April they will also have to agree recommendations concerning the structure and budget of the new World Trade Organisation.

Showdown over silk brings latest victory for Kantor

Nancy Dunne on the US trade chief's Chinese textiles deal

Mrs Carla Hills, *former* US trade representative, defined failed trade talks as those which result in sanctions. By this standard – and others – her successor, Mr Mickey Kantor is a high achiever.

Mr Kantor has only once imposed sanctions – on the EU in a dispute over government telecommunications procurement – and those were mostly symbolic. (He and Sir Leon Brittan, his EU counterpart, may be nearing a solution on telecommunications with the expected conclusion of a study this week forming the basis of a deal.)

The trade representative has succeeded in numerous high-stakes showdowns with the EU, Japan and China, employing neat *timing* and a potent combination of seemingly reckless threats, followed by flexibility and ingenuity.

On Monday Mr Kantor announced still another triumph, a new three-year pact with Beijing which sharply cuts the growth of Chinese textile and apparel imports. By threatening a 25-35 per cent cut in China's current quotas and refusing to cave in when China threatened retaliation and insisted on last-minute changes in the pact, US negotiators got the customs co-operation agreement they insist they need to curb "massive" fraud and transshipment.

Customs will now be permitted to employ US-Chinese "jump" teams, comprising officials of both countries, to swoop on Chinese factories in search of misleading labels and documentation, used to circumvent quotas.

US negotiators also got China to agree for the first time to ceilings on silk apparel, which they say is sold so *cheaply that it can undercut* cotton.

Imports jumped from $900m in 1991 to $2.6bn in 1993; increases will now be limited to 1 per cent a year for the next three years.

The US-Sino relationship has come some way since 1984, when a dispute over *textiles* resulted in US sanctions and Chinese retaliation against American grain.

That infuriated the US agricultural lobby, at a time of massive surpluses, and so traumatised trade officials that they avoided confrontations with the *Chinese for years*, even renewing the country's Most Favoured Nation status after the crushing of the 1989 student uprising in Tiananmen Square.

Even now, China could easily shake up US industry by retaliating against the vulnerable US aircraft makers, agriculture and capital goods producers. But it now must reckon with pressure from its own business sector and its *interest* in the lucrative US market, where its surplus last year soared above $22m.

The textile deal both pleased and annoyed Mr Kantor's constituents. Although overall quota growth is frozen this year and limited to 1 per cent in each of the next two, importers were relieved to know their contracts would be fulfilled. However, Ms Laura Jones, executive *director of the* Association of Importers of Textiles and Apparel, was "horrified" at the silk apparel quotas, viewing them as a contradiction of the liberalisation promised in the Uruguay Round.

US textile producers are pleased with a trade representative who brags that US textiles are the "best" in the world and US workers the most productive.

But they would have preferred *the threatened* 25-35 per cent quota cut to go ahead, on the grounds that the Chinese deserve to be punished for transshipment sins.

Mr Kantor said the "resolute" US stand ought to send a message to Beijing that the US would stand tough on other disputes, most importantly on renewal of Most Favoured Nation status.

This is a message which has been conveyed by every US visiting *official for months*, including Mr Lloyd Bentsen, the US Treasury secretary, who appeared there this week, and a delegation of US congressmen led by Mr Richard Gephardt, the House majority leader, last weekend.

Beijing has also had encouraging hints that if it co-operates on human rights, intellectual property rights and nuclear proliferation, it will be invited to take a respected *place among the community* of trading nations.

"The Clinton administration does not want to make an annual MFN assessment the central focal point for economic ties between the two countries year after year," said Mr Jeffrey Garten, the Commerce Department trade under-secretary, on Wednesday in Frankfurt. "We sincerely hope there can be enough progress in the human rights area to get these MFN issues behind us."

In the past, no amount of pressure has moved Beijing on human rights. If Mr Kantor and the other players in this effort pull off this deal, it will be a dazzling achievement indeed.

Cuts 'would have hit consumers'

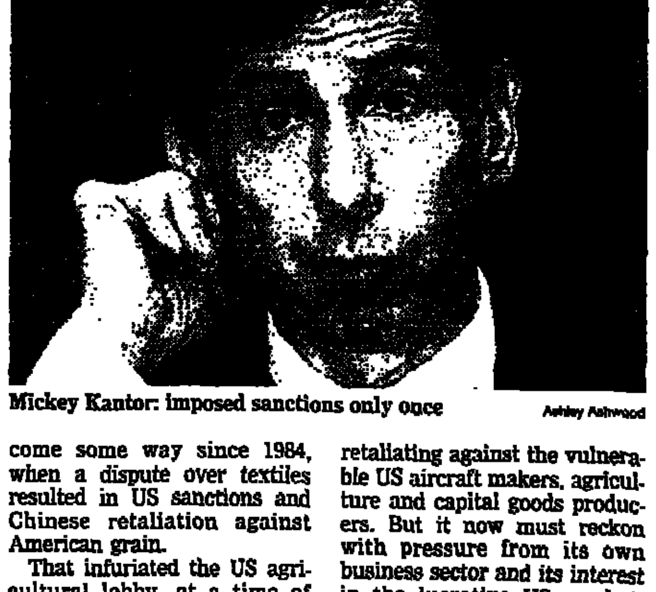
China would not have been the only casualty of US threats to cut its textile quota by up to 30 per cent – US consumers would also have paid dearly, according to a study by a leading Washington trade-policy institute, David Dodwell, World Trade Editor, writes.

The quota cuts would have cost US consumers about $1.1bn *a year, according to Mr Gary Hufbauer at the Institute* for International Economics, who has just published a study of the cost of US protection.*

US textile producers would have captured gains of about $570m, but the rest of China's "loss" would have been snapped up by textile exporters elsewhere in Asia and Latin America.

Quota cuts would have saved an estimated 8,000 jobs in the beleaguered US textiles industry, but the cost per consumer of saving each job would have amounted to about $136,000.

** Measuring the costs of Protection in the US, by Gary Hufbauer and Kimberly Elliott, published by the Institute for International Economics, Washington.*



Mickey Kantor: imposed sanctions only once

Ashley Ashwood

Clarke and Major defend economic policy

By Kevin Brown, Political Correspondent

Mr Kenneth Clarke, the UK chancellor of the exchequer, delivered a robust defence of his handling of the economy yesterday as the Inland Revenue sent notification to taxpayers of tax increases decided in the last two Budgets.

Mr Clarke said the recovery would be "checked" by the tax increases, which take effect from April. But he insisted that the recovery was "strong enough for those tax rises to be taken in its stride."

His defence of government economic policy was echoed in the Commons by Mr John Major, the prime minister, in the face of renewed claims by the opposition Labour party that the government broke its election promises on taxation.

The government also sought to deflect attention from taxation by threatening to expose further Labour "smears" and by widening its offensive to target the Liberal Democrat party.

In a further indication of the government's determination to take the political offensive, the cabinet decided to mount a high-profile campaign for the European parliament elections in June.

The decision is in sharp contrast to the last campaign for elections to the European parliament in 1989, when widespread cabinet hostility to the European Community led to a low-profile campaign in which the Conservatives eventually fared badly.

Mr Clarke told BBC radio that the tax increases would "take a bit of the edge off consumer demand, which the figures show is much stronger now than it was 12 months ago."

But he said the impact of the tax rises would be offset by reductions in mortgage interest rates, which had released £8bn in spending power into the economy.

Mr Clarke also gave his clearest indication yet that he is not considering a further cut in interest rates to ease the pain of tax rises or increase export competitiveness.

Mr Clarke recalled that Lord Lawson, chancellor from 1983-89, was also urged by commentators and opposition MPs to stimulate demand by cutting interest rates.

"Nigel Lawson [now Lord Lawson, the former Tory chancellor] . . would agree, looking back, that he had already reduced them too much. On that front you have to set yourself a clear idea of when you change interest rates and stick to it, not be influenced by what the papers say in the morning," he said.

Mr Clarke said his judgment on interest rates would reflect "above all, what is right not only to sustain the recovery, but also to make sure that over the medium term we take the opportunity of keeping inflation down."

Senior Conservatives said the improving economy would provide the background for a sustained offensive against the opposition parties, which will be accused in the European election campaign of seeking to submerge the UK in a federal Europe.

A senior official said the party was compiling further evidence of "smears" by the Labour party to add to seven alleged smears which the Tories released earlier this week.

Government to set out stance on competitiveness

By Andrew Adonis

The British government is to publish a white paper on competitiveness in the summer, to give its "hands on" approach to industrial policy a higher profile.

Mr Michael Heseltine, the trade and industry secretary, will use the white paper to set out the government's role in "backing winners" and boosting exports.

It will be the first white paper on the government's approach to industry since the Conservatives came to office in 1979, marking a further breach with the policies of the Thatcher government.

Announcing the decision to the House of Commons trade and industry committee yesterday, Mr Heseltine said: "Governments intervene all the time; the only question is what form it takes."

The white paper will emphasise "competitiveness", not old-style "industrial policy", emulating the language of the Clinton administration.

Whitehall sources dubbed it a "American-style white paper", which would take a "broad view" of the government's approach to Britain's industrial weaknesses, including skills shortcomings, technology promotion and the liaison between Whitehall and industry.

Mr Heseltine ruled out any return to large-scale public funding of particular industrial sectors, but said government was ready to do "anything it reasonably can to enhance the environment within which industries can flourish".

The white paper will take the form of a response to the trade and industry committee's report on competitiveness in manufacturing industry, due to be published in March.

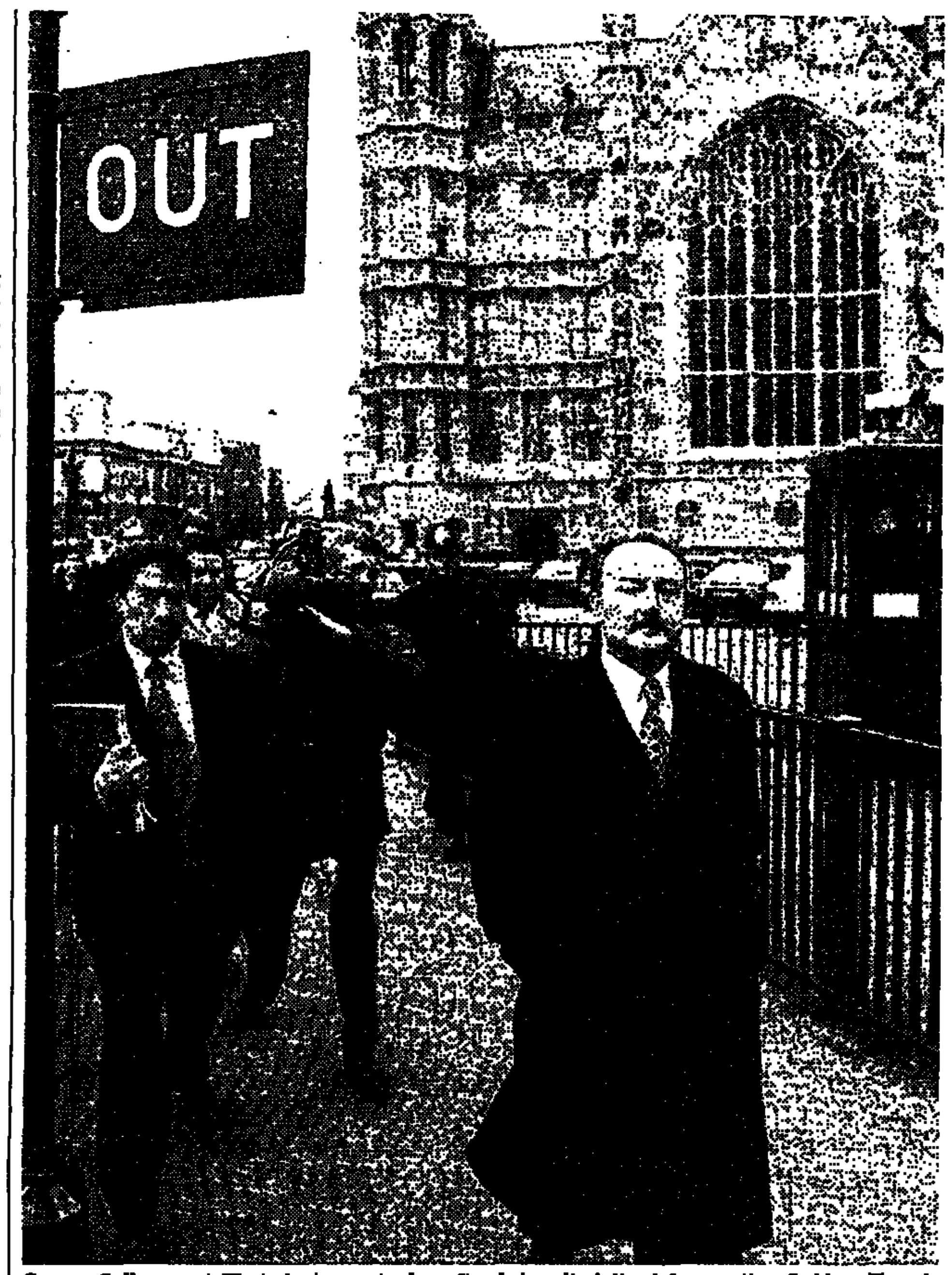
Referring to the work of the DTI's competitiveness unit, Mr Heseltine warned the committee that Europe "is going to have to face up to some fairly unpalatable changes as it meets the challenge from Asia in the next decade".

He added: "People will not base industries in Europe out of charity."

He conceded that Whitehall departments were not working closely enough together in liaising with industry, but criticised trade associations in some sectors which, he said, "often do not do a good job".

The government recently conducted a wide-ranging "benchmarking" exercise, comparing the performance of specific sectors with those overseas, the results of which are believed not to have been published in full.

Opposition Labour members of the trade and industry committee called on the government to provide financial help for companies engaged in technological projects. But Mr Heseltine refused to support any large-scale increase in government subsidies.



George Galloway at Westminster yesterday after being disciplined for meeting Saddam Hussein

MP is censured over trip to Iraq

The Labour leadership yesterday tried to contain its embarrassment over a recent trip to Iraq by Mr George Galloway, the Labour MP for Glasgow Hillhead, by issuing him with a "severe reprimand". James Blitz and Philip Stephens write.

Mr Derek Foster, the opposition chief whip – parliamentary business manager – warned Mr Galloway after an appearance on Iraqi television earlier this week in which the MP praised President Saddam Hussein.

Mr Galloway, an outspoken opponent of sanctions against Iraq, apologised for the appearance, in which he had saluted Mr Saddam's "courage, power and indefatigability" in the presence of the dictator.

He expressed "deep regret for any offence or pain that may unwittingly have been given to families of British victims of the Gulf war".

At question time in the Commons Mr John Major, prime minister, said the whole House would think the Labour MP "foolish". There was nothing to be said for Saddam "and nothing should be said for him by any member of this House".

It was understood yesterday that some Labour members were considering whether to raise Mr Galloway's behaviour with Labour's ruling National Executive Committee, with a view to having him removed as a candidate at the next general election.

Milk body faces pre-split shake-up

By Deborah Hargreaves

The Milk Marketing Board, the body that oversees UK milk production and sales, could be forced to hive off Genus, its £20m artificial insemination unit, and National Milk Records, its milk testing business.

It might need to do this in order to obtain government approval for its plans to transform itself into a farmers' co-operative when the £3.3bn milk market in England and Wales is opened to competition later this year.

Genus could be floated off as an unlisted company or made into a government body.

Its turnover last year was £35m, with pre-tax profits of £4m.

The flotation of Dairy Crest, the board's milk processing division, has been delayed from next month to June or July because of government objections over plans to reorganise the board.

Mr Andrew Dare, the board's chief executive, who will head Milk Marque, the new co-operative, said the options for separating Genus and National Milk Records were under consideration.

"But National Milk Records is so closely integrated with the milk board's daily activity that it would be quite a headache to split it off," Mr Dare said.

The board must decide by Monday whether to hive off both units to satisfy government concerns about its dominant position in the market.

Government queries over the board's plans have delayed the introduction of competition into the milk market from April to either the beginning of August or October, Mr Dare said. "I want to be able to prove that a properly managed and properly financed farmers' co-op can succeed. We have to get it right now."

Mr Dare said he had cleared up all of the government's misgivings over the reorganisation plan except the fate of Genus and National Milk Records.

Scientists play down fears on thinning of ozone layer

By Bronwen Maddox, Environment Correspondent

Thinning of the ozone layer has hit record levels, UK government scientists said yesterday. But they also predicted that ozone levels would return to normal towards the end of the next century if countries observe new treaties curbing harmful chemicals.

At the publication of a Department of the Environment report on ozone, scientists also warned that fears about a rise in skin cancer rates were sometimes exaggerated.

The layer of ozone gas in the upper atmosphere shields people and plants from the sun's damaging ultra violet rays. Mr Joe Farman, the scientist who discovered a "hole" in the ozone layer over the Antarctic, said yesterday thinning would be at its worst around 2005.

The report says ozone levels over the UK in the winter of 1992-93 were the lowest since records began in 1979 – a thinning of about a quarter in the past decade. The ozone layer is thinner in winter than summer because of atmospheric pressure changes.

The thinning in 1992-93 was partly due to natural factors: eruption in 1991 of a volcano in the Philippines, and a anticyclone over the northern hemisphere. Preliminary figures for the end of 1993 show some improvement, scientists said.

Mr Farman said people's fears over ozone thinning were sometimes out of proportion. "The bigger problem may be disruption of insect life and pollination of plants. Human beings can put on a hat and sun screen; bees can't do that".

The extra dose of radiation that people in the northern hemisphere will receive by 2005 because of ozone thinning will be roughly the same as they would get by moving from Aberdeen, in Scotland, to a sunnier climate such as the south of France, he added.

The Montreal Protocol, renegotiated in Copenhagen in 1992, commits countries to phasing out the production of industrial chlorine gases (CFCs), mainly used in refrigeration and air-conditioning equipment. Environmentalists and scientists want the ban to cover other chemicals including HCFCs – a replacement for CFCs – and methyl bromide, widely used to preserve fruit, vegetables and crops.

An annual seminar organised by Cambridge University on environmental matters for senior businessmen is to be the centrepiece of a new environmental initiative launched yesterday by Prince Charles, David Lascelles writes.

The seminar, which will be organised in conjunction with Cambridge's Programme for Industry, will aim to get across the message that environmental awareness and sustainability are good for business.

The prince told a group of businessmen yesterday that he believed that companies which took a strategic approach to the environment would open up new markets for themselves, and gain in competitiveness and efficiency.

The first seminar next September will be addressed by top businessmen and environmentalists.

The initiative is being sponsored for its first three years by British Airways, ICI, Wessex Water, Waste Management and National Westminster Bank, whose chairman, Lord Alexander will chair the management committee.

Lord Alexander said that the programme would be aimed particularly at future business leaders.

Tanker accident report blames captain's actions

By James Buxton and David Owen

The Greek captain of the Liberian-registered tanker Braer, which caused an oil spill when it ran aground on Shetland last January, is accused in the official report on the incident for "serious dereliction of duty".

Captain Alexandros Gelis is blamed for not taking action to deal with pipes which had broken free on the deck of the tanker in stormy seas during the voyage. These pipes damaged air pipes to the ship's fuel tanks, allowing seawater to enter and contaminate the fuel supply. This eventually caused the engine to stop and the ship to drift onto the shore.

The report, by the Marine Accident Investigation Branch of the UK Department of Transport, says that Captain Gelis failed to have the loose pipes re-secured or jettisoned, and failed "simply to observe them to see the damage they may have been causing".

B&H Shipmanagement company of Stamford, Connecticut, US, the Braer's operators, said the report did not give enough weight to the severity of the weather at the time. It relied "excessively upon hindsight" in criticising the officers, the company said.

The Braer, carrying 85,000 tonnes of crude oil from Norway to Quebec, broke down at 4.40am on January 5 1993. Her crew was evacuated by helicopter just before the Star Sirius, a tug Lerwick, arrived on the scene at 9.15am. The ship ran aground at Garth's Ness at 11.20am.

The quality of the senior crew on the ship, "while no doubt typical of many hundreds of other vessels trading at sea today, left much to be desired", the report says. In most other respects, however, the Braer's captain and officers made correct decisions and displayed excellent seamanship, the reports says.

But it rejects allegations that the ship was defective and that she should not have been sailing through the 25-mile-wide Fair Isle channel between Shetland and Orkney. It says the ship was "structurally sound with no known significant deficiencies" and that her planned route was a normal one.

Britain in brief

Royal Navy jet order boosts BAe

Doubts over the UK government's plans for the Royal Navy's fleet of Sea Harrier jump-jets were lifted yesterday with the announcement of an order for 18 aircraft worth a total of between £300m and £400m.

The contract comes as a boost to British Aerospace's military aircraft division after more than 1,300 job losses were announced in the past week in its civil aircraft and missile operations.

The deal, awaited since last spring, was confirmed by Mr Jonathan Aitken, defence procurement minister.

BAe's work on building the improved FRS.2 Sea Harriers is valued at about £200m, but this does not include the Rolls-Royce engines and other equipment.

Pensioners' bond pays 7%

An interest rate of 7 per cent gross fixed for five years was offered to people of 65 and over by the government yesterday with the launch of the new Pensioners' Guaranteed Income Bond from National Savings.

The bond, which goes on sale from today, will require a minimum deposit of £500 and has a maximum of £20,000. Interest will be paid monthly.

Though it is a five-year investment, investors will be able to withdraw their money before then, provided that they give two months' notice and suffer the loss of two months' interest.

Tighter gas rules forecast

The Gas Consumers Council has predicted that regulation of the UK gas supply industry will need to be tightened as the domestic monopoly controlled by British Gas is opened to full competition in 1998.

In a speech to be delivered to a conference in London today, Mr Ian Powe, council director, says Ofgas, the industry regulator, will have to oversee the sector's transition away from a "command" regulatory regime – in which various government bodies have had a sometimes conflicting say over the sector – to one of "controlled competition" in which Ofgas should be the sole authority.

He says the main challenge for Ofgas will be to hold down consumer prices while managing the transition of the industry to a strict cost-related structure to encourage competition and consumer choice.

BSkyB setback on pirate cards

British Sky Broadcasting has suffered a serious setback in its efforts to prevent the distribution in Ireland and continental Europe of pirated "smart cards", which threaten to undermine the company's principal source of income.

The Dublin High Court yesterday rejected a claim by BSkyB for a temporary restraining order, pending trial, against Mr David Lyons, the managing director of Satellite Decoding Systems. Mr Lyons is distributing the cards from Birr, Co Offaly in Ireland.

Mr Lyons' smart cards can break the VideoCrypt code used to scramble the satellite TV channels broadcast by BSkyB. BSkyB – in which Pearson, owner of the Financial Times, has a substantial stake – claims that its code has been copied by Mr Lyons, infringing its rights under copyright law. The rejection was made because BSkyB had failed to produce sufficient evidence that there was an infringement of copyright.

Mr Lyons says the microchips, software and algorithms – which give command instructions to the software in the chip – in his cards are different to those used by BSkyB.

P&O officers vote to strike

Ships' officers, excluding masters, employed by P&O European Ferries, have voted to strike against the company's reform of employment contracts.

The changes are designed to make cost savings on services from Felixstowe in Suffolk, to Larne in Northern Ireland and Cairnryan in Galloway.

Workers at the three ports have agreed not to take ships to sea or provide services for limited discontinuous periods not exceeding 24 hours. The action was passed by 121 votes to 23, by P&O members of Numast, the merchant navy officers' union.

P&O managers are today due to meet officials from the RMT transport union to try to prevent strike action by crews on the same ferry services. The crews are also opposed to a pay freeze and a radical change in working hours.

6.5% rise in car production

UK car production rose 6.5 per cent last year to the highest level since 1974.

The increase in UK car output to 1,375,523 from 1,291,880 in 1992 was in sharp contrast to steep declines in Germany, France, Italy and Spain. Production is forecast to rise further this year despite weak demand in export markets.

The increase last year was supported by recovery in new car demand in the domestic market, according to figures from the Society of Motor Manufacturers and Traders.

Production for the UK market rose 19.9 per cent to 842,647. Output for export declined 9.6 per cent to 532,876, accounting for 38.7 per cent of total UK car output last year compared with 45.6 per cent in 1992 and 48.9 per cent in 1991.

Goldsmith aids Thorp protests

Sir James Goldsmith, the international financier, has offered to back Greenpeace, the pressure group, in its court battle to stop the Thorp nuclear reprocessing plant at Sellafield in Cumbria.

The Goldsmith Foundation, set up by Sir James and his brother Edward, said it would pay part of Greenpeace's legal costs if the pressure group lost the case. The Goldsmiths have backed several anti-nuclear campaigns.

Fresh effort on Ulster peace

The UK and Irish governments tried last night to breathe new life into their Northern Ireland peace initiative by confronting Sinn Féin's demand for clarification of the Downing Street Declaration.

Sir Patrick Mayhew, Northern Ireland secretary, said the government would do "everything in our power" to enable agreement to be achieved.

He said the "key" was "agreement between the people living in the island of Ireland, North and South." He added: "If that agreement involves agreed structures for the island as a whole – so be it."

Mr Reynolds said that following the joint declaration, the island of Ireland "not just Northern Ireland" made up "the framework for self-determination." But he added: "The fact that partition was enforced back in 1920 does not make it right to enforce unity today".

Bank of England concern over EU supervision directive

By Robert Peston

Severe restrictions on the Bank of England's powers to intervene in cases of alleged misconduct at London branches of banks with headquarters in other parts of the European Union are disclosed in a letter from the Bank to a British businessman.

The letter, written by Mr Brian Quinn, the Bank's director in charge of banking supervision, was sent a few days ago to Mr Andre Levy, who is suing ABN Amro, the big Dutch bank for negligence.

Mr Quinn says in his letter that the implementation last year of the EU's Second Banking Co-ordination Directive means that: "As a matter of law, the Bank's powers to intervene in ABN Amro Bank's affairs have been considerably reduced . . . and do not extend to questions of the fitness and properness of the managers.

"It follows that your concerns about ABN Amro Bank's conduct and management should in future be directed to the de Nederlandsche Bank [the Dutch central bank] as the relevant home supervisory authority".

Before the Bank passed responsibility for the case to the Dutch central bank last year, it felt that the dispute between Mr Levy and ABN Amro was a commercial one and did not raise issues of relevance to it as a supervisor. However, the Bank has continued to receive information on the case since it handed over responsibility for it. The Bank refused to comment yesterday on whether it now took a harsher view of ABN Amro's conduct.

The Bank has received evidence from Mr Levy and representatives of two other companies, Chieftain and Scanfisheries, that in late 1990 and 1991, Amro managers advised them to raise money through complex borrowing schemes arranged by Mr Bruce Picken of PMC Financial Services.

In all three cases, Mr Picken asked for payment of advance fees totalling several hundred thousand dollars.

The three companies say Mr Picken's failure to produce the funds led to significant costs and disruption for their businesses – though they all say that they refused to pay the advance fees.

Mr Picken was declared a bankrupt in May 1991 and is believed to have left the country.

Mr Quinn's letter is the bluntest admission to date that one effect of the directive is to curtail the powers of supervisors to assess the fitness of bank branches whose head office is elsewhere in the EU.

The directive's central aim was to improve the supervision of banks by forcing each EU member's supervisory authority to take responsibility for verifying that banks headquartered in its country are fit to take deposits.

Mr Alex Crighton, a director of Chieftain, which tried to raise almost £100m through Amro and Mr Picken, said that he was very disturbed by the implications of the directive.

"Amro was operating in London and we dealt with them as though they were a British bank," said Mr Crichton, who submitted his evidence to the Bank last week.

Mr Levy is suing ABN Amro's London branch for negligence and breach of contract in respect of attempts by his company, Columbus Tobacco, to raise $4m between October 1990 and March 1991 for the exploitation of a cigarette brand called Route 66.

The writ alleges that the bank failed to adequately investigate either the viability of the funding scheme or the standing of Mr Picken.

Mr Levy first brought the affair to the attention of the Bank of England more than two years ago.

The Bank said yesterday that a hundred hours of a senior manager's time had been spent examining papers relating to the case.

Mr Levy says Amro ignored warnings about Mr Picken. Mr Charalambos Katsamas, of the shipping company Internav, said yesterday he informed Amro towards the end of 1990 that he felt the bank should not be dealing with Mr Picken.

Mr Katsamas had been trying to raise substantial finance from Mr Picken but became alarmed when he was asked to transfer $6m to Switzerland to purchase securities as collateral for a loan and also to pay a $250,000 advance fee. He refused.

Amro continued to work with Mr Picken on deals for Scanfisheries, Mr Levy and Chieftain. Even after Mr Levy made a formal complaint to Amro in April 1991 about his experiences with Mr Picken, the bank continued to work on the Chieftain and Scanfisheries transactions.

ABN Amro yesterday refused to make any comment.

Los Angeles counts the cost

The LA earthquake is the latest blow to a US market accustomed to grim news, writes Vanessa Houlder

The earthquake that shook Los Angeles on Monday inflicted an estimated \$10bn-\$30bn in damage. But early reports indicate that the city's commercial property sector has suffered relatively lightly.

The damage has been concentrated on infrastructure, apartment buildings and, to some extent, older shops and office blocks in the suburbs. Modern, high-quality offices largely escaped damage, partly because they were built to withstand earthquakes.

In the long run, some property analysts believe that Los Angeles' troubled commercial property market could, paradoxically, benefit from the earthquake. "A lot of apartments, retail and office buildings have been put out of use [by the earthquake], and this will act to tighten up [reduce supply] the rest of the market," says Mr Sol Rabin, of TCW Realty Advisers, a Los Angeles-based property adviser. Moreover, the construction work necessary to repair the damage could be a valuable boost for the local economy.

The Los Angeles property market needs all the help it can get. It is suffering from a vacancy rate of about 20 per cent for offices, a continuing haemorrhage of jobs and disinvestment by large property owners.

Yet while the Los Angeles market remains in the doldrums, large parts of the US property market are starting to climb out of one of the deepest troughs since the Depression.

Although there is unlikely to be a broadly-based recovery for at least three more years, the next 12 months will produce some rewards for property owners, according to Landauer, a US real estate adviser. "Look for a new tone of confidence to mark the industry," it predicts.

Any tonic will be welcome for an industry that has had nothing but bad news on the economic front in recent years. Defence cuts are likely to result in the loss of 500,000 jobs by 1997; retail spending continues to be held back by concern about job security; recession in Japan and Europe is curbing demand for US goods; and demand for industrial property is weak.

> 'To those tough enough to have survived, rewards are starting to come'

But there is reason for cautious optimism, according to Landauer. It predicts employment will grow by some 1.5 per cent this year. A gradual improvement in the economy, combined with a dearth of new commercial property development, is likely to reduce vacancy rates.

Within the industry liquidity is improving. Falling yields in equity and bond markets are driving some investors into property in search of higher returns. Demand is largely fuelled by institutional investors with the exception of insurance companies, which are finding that new capital regulations are making property less attractive.

Perhaps the most remarkable recent resurgence of investor interest is that surrounding the demand for retail investments by so-called 'real estate investment trusts' (REITs). According to Landauer, the REIT market is stronger than it has been for more 30 years: the market could grow from \$15bn in early 1993 to \$100bn in 2000.

Another potential boost could come from foreign investment: some \$2.75bn could be attracted into US real estate in the next year, says Landauer.

Banks, still smarting from costly property exposures in the late 1980s, remain cautious about lending to the sector. But, having written down their bad debts and improved their balance sheets, the banks are now better placed to resume lending to the sector.

The banks' success will depend on identifying growth areas. Yet, as ever, it is difficult to generalise about a US market in which conditions within different regions and different sectors vary markedly.

● The office market is still patchy. But Landauer is optimistic the sector will return to favour with investors. "Offices will be making the hot property list within the next three years," it says.

The fortunes of the office market depend in part on a continuing decline in construction activity (which would force up prices for existing buildings) and a return of employment growth. Last year was the best 12-month period for office take-up since the late 1980s, Landauer says. Net absorption of office space totalled 60m sq ft, reducing office vacancies by 2 percentage points to an average of 17 per cent (still above its historical average). Another decline to 15 per cent is possible by 1995, Landauer says.

But even this level of vacancy rates is unlikely to lead to a big rise in rents. It will be another four to five years before rents rise to a level that matches new building costs.

Prospects of a pick-up in offices differ markedly in different parts of the US, and are largely determined by broader economic trends. For instance, large-scale jobs cuts have depressed prospects of a turnround in California, Massachusetts, Maine, Connecticut, New York, New Jersey and Maryland. The sun belt, by contrast, is performing strongly. The vacancy rate for offices in Orlando has dropped from 18 per cent two years ago to 14 per cent today. Job growth has been running at 2.6 per cent over the past year, the result of initiatives by the state authorities.

At present, offices are still out of favour with investors. The rise of REITs, which is focused on assets with strong cash flow (from rents), has excluded offices which tend to have weak operating incomes. As a result, the investment market is still dominated by tenants and corporate owner-occupiers with strong knowledge of local markets.

● The retail market is still struggling with fundamental problems. Department stores are suffering from increased competition from discount retailers and chains of specialist shops. With department stores either consolidating and/or closing, Landauer warns that as much as a quarter of the regional mall market could be at risk.

Landauer ranks Seattle, Portland, Honolulu and Orlando among the best-placed markets. Tulsa, Oklahoma City and New Orleans, where income levels are far below the national average, showed the weakest potential for growth.

● All categories of the industrial market are weak, says Landauer. "While some bright spots can be identified, the mass of data is monotonously grey," it says. Last year industrial vacancy rates remained high; rents fell; and while the number of bad loans were reduced for other types of commercial property, problem loans for industrial properties began to rise.

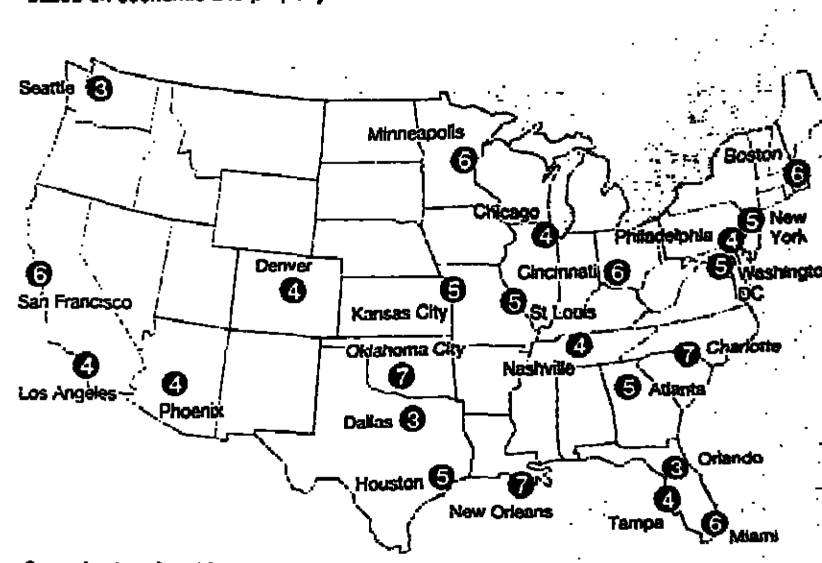
● The residential market is showing strong signs of recovery. House building has recovered to its 1988 level, a time of frenetic construction; house prices are rising; mortgage interest rates are low; and investors are pursuing deals.

● The hotel market has bottomed out. A recovery in business travel and tourism has raised occupancy rates to 67 per cent, a profitable operating level for the industry.

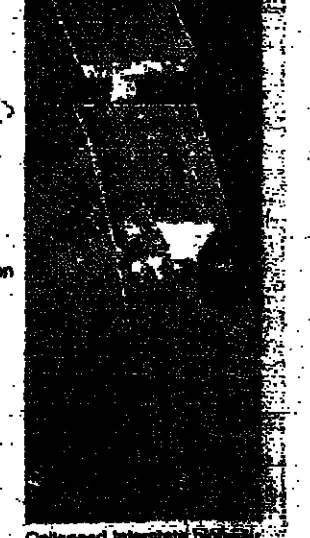
Overall, Landauer concludes that the property recovery is inching closer. "To those tough enough and smart enough to have survived the industry's debacle, rewards are starting to come."

US retail sales market: quality rating

Ratings from 1 = strong, 7 = poor based on economic and property market trends.



Source: Landauer Associates



Collapsed Interstate highway, California Jan 17, 1994

LEGAL NOTICES

0010570 of 1993
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
MR REGISTRAR BUCKLEY
Wednesday 12th January 1994

IN THE MATTER OF
COMAC GROUP PLC
- and -
IN THE MATTER OF
THE COMPANIES ACT 1985
NOTICE

NOTICE IS GIVEN that the Order of the High Court of Justice (Chancery Division) dated 12th January 1994 confirming the cancellation of the share premium account of the above named Company was registered by the Registrar of Companies on 14th January 1994.

Dated this 21st day of January 1994.
Ashurst Morris Crisp
Broadwalk House, 5 Appold Street
London EC2A 2HA
Ref: SAW/sjm
Solicitors for the said Company

Notice of Appointment of Administrative Receivers

STENTON ENGINEERING CO. LTD.

Name of Company: Stenton Engineering Company Limited. Registered No. 605964. Trading name: Stenton Engineering Company Limited. Trade classification: 07. Name and address of joint administrative receivers: David John Stokes and Edward Klempka, Coopers & Lybrand, 1 East Parade, Sheffield, S1 2ET. Office holder numbers: 2682 and 5791. Date of appointment: 13 January 1994. Name of appointer: Yorkshire Bank plc.

PUBLIC NOTICES

E B & P N REES LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 98 of the Insolvency Act 1986 that a Meeting of the Creditors of the above-named Company will be held at All Saints Chambers, Eign Gate, Hereford HR4 0AE on 27th January 1994 at 2.30pm for the purposes mentioned in Section 99 to 101 of the said Act.

Creditors wishing to vote at the Meeting must lodge their proxy, together with a full statement of account at the registered office, All Saints Chambers, Eign Gate, Hereford HR4 0AE not later than 12 noon on 26th January 1994.

For the purposes of voting, a secured creditor is required (unless he surrenders his security) to lodge at all Saints Chambers, Eign Gate, Hereford HR4 0AE before the meeting, a statement giving particulars of his security, the date when it was given and the value at which it is assessed.

Notice is further given that EDWIN F. HUNT, A LICENSED INSOLVENCY PRACTITIONER, OF ALL SAINTS CHAMBERS, EIGN GATE, HEREFORD HR4 0AE, will, free of charge, supply creditors with such information as they may reasonably require during the period ending on the day on which the meeting is to be held.

Dated 17th January 1994.

MR P. N. REES
Director

CONTRACTS & TENDERS

BRAZILIAN NAVAL COMMISSION IN EUROPE
NOTICE OF PUBLIC TENDER NR. 003/94

Notice is hereby given that BNCE with offices at: 170 Upper Richmond Road, London SW15 2SH, is accepting tenders to choose a supplier for **ONE ULTRASOUND MEDICAL EQUIPMENT *for the Naval Hospital in Rio de Janeiro*.** The latest date for submission of qualifying documents and quotations is 1st February 1994 and the details of this Public Tender are available, at request, at the above address. For further information please contact:

CONTRACTS DIVISION
Tel: 081 788 81 88
Fax: 081 788 41 90
COMMISSION OF TENDER

BRAZILIAN NAVAL COMMISSION IN EUROPE
NOTICE OF PUBLIC TENDER NR. 001/94

Notice is hereby given that BNCE with offices at: 170 Upper Richmond Road, London SW15 2SH, is accepting tenders to choose a supplier for **A SYSTEM OF RADIO LINK TO CONNECT TWO MD-110 TELEPHONIC CENTRALS IN BRAZIL.** The latest date for submission of qualifying documents and quotations is 16th February 1994 and the details of this Public Tender are available, at request, at the above address. For further information please contact:

CONTRACTS DIVISION
Tel: 081 788 81 11
Fax: 081 788 41 90
COMMISSION OF TENDER

SCAA

Social Curriculum and Assessment Authority (SCCA)

Invitation to tender for the internal audit service of SCAA

For details and a copy of the SCAA internal audit specification please write to Mr W J Scott, Assistant Chief Executive, Finance/Personnel/IT, SCAA, Newcombe House 45, Notting Hill Gate, London W11 3JB.

Applications to be received by 31st January 1994.

MANAGEMENT

Leaders in the vision league

After a decade of global restructuring and heavy investment in "lean manufacturing" and "time compression" to speed product development, where are the world's most responsive manufacturing businesses?

The answer, according to an exhaustive global survey* launched this month by Deloitte Touche Tohmatsu International, the international accountants and consultants, is still Japan – but only just.

Overall, the Japanese come closest to having achieved the vision for the "agile manufacturing enterprise" of the 21st century, says the survey of 1,300 leading manufacturing companies in 11 industrialised nations. It is probably the most ambitious global exercise in benchmarking manufacturing.

Japanese leadership in this area is important because, as the survey puts it, "global competitive battles will be won and lost on an organisation's ability to tap interface capabilities, particularly in manufacturing, design and marketing". The findings suggest that the Japanese have greater abilities for rapidly introducing new products and increasing prodnction volumes, because of their superior co-ordination across functions.

However, US and Canadian executives perceive themselves as only slightly behind the Japanese in terms of agility, though the Europeans and Latin Americans admit to wider gaps.

"There is little doubt that, in the future, organisations making the greatest competitive strides will be those that can best integrate inter-firm and intra-firm activities and can shorten their new product development times," says the survey. Spanning traditional functional boundaries requires radical departures from current operations, it adds.

Andrew Baxter

**Vision in Manufacturing: Planning for the Future. £75. For copies contact David Read on (UK) 071 936 3000*

Lucy Kellaway on the privatisation of Pro Ned, the body that puts non-executive directors on the board

The trouble with independence

The British non-executive director came of age this week. On Tuesday the Bank of England sold Pro Ned, the body that for a decade has championed the cause of the non-executive, to the sharp end of the private sector.

When Pro Ned was set up in 1982, only 50 per cent of listed companies had non-executive directors. Of those only 20 per cent were independent. More than 11 years later there is barely a quoted company that does not have at least one non-executive director on the board.

The word has been spread and companies have listened. Yet the credit does not lie altogether with Pro Ned. The recession, the growing power of institutional investors and the recommendations of the Cadbury Committee have all put pressure on companies to get independent members on to their boards.

Even companies like Amstrad, which long held out against the idea, have recently given up the fight. Morrison Supermarkets, the Bradford-based food retailer, now stands out as a rare example of a substantial company that refuses to let any non-executives into its boardroom.

Small and medium-sized companies are also warming to the theme. 3i, the venture capital organisation, has a list of possible non-executive directors and supplies about 100 a year. Partnerships such as solicitors, engineers and mutual insurance firms are also starting to hire non-executives.

During Pro Ned's lifetime, its role has changed from talking to doing. No longer is it mainly a proselytising body pushing a minority interest, but a reasonably efficient and reasonably prosperous employment agency for non-executives. Altogether it has found jobs for more than 600 directors.

The Bank of England, doubtless feeling it did not belong in the headhunting business, has placed Pro Ned under new and more suitable ownership: a joint venture between Egon Zehnder, the executive search consultancy, and Pro Ned's own management.

"Our first objective of raising awareness has been fulfilled," says Bruce Rhodes, a director of Pro Ned. "But we still have a campaigning role, about how to make appointments, and to find a professional way of getting the right people on to boards."

While non-execs are on the way in, the title "non-executive" is on the way out. These days the protagonists, including Sir Adrian Cadbury himself, are making a point of calling them independent directors. Explains John Brill of headhunters Hanson Green: "'Non-executive' has the connotation of not doing very much."

Even though companies are hiring more non-executives, that does not mean they are making the best use of them. According to David Clutterbuck, author of *The Independent Board Director*, it is misleading to take any comfort from the fact that most companies have at least one non-executive. He argues that on most boards executives still outnumber non-execs, while the audit and remuneration committees often still have a strong executive presence.

He also complains that many non-executives do not know what to expect from the company when they join, whereas most companies are similarly in the dark about what to expect from their independent directors.

"Most people expect the non-execs to waltz in like John Harvey Jones. But that is not their role," he says. Clutterbuck is considering establishing a club for 100 companies and individuals to share best practice and discuss matters such as training of non-executives.

He argues that more careful selection of non-execs will solve some of the problems. Headhunters are only too happy to fill this role: recruiting non-execs is turning into a profitable little business for them. Ian Butcher of Whitehead Mann reckons that non-executive recruitment business has tripled in three years.

Not only has the number of non-executives increased – there are at least 8,000 in the UK – but the proportion of companies seeking outside help with recruitment has also increased. According to Pro Ned, a year ago two-thirds of listed companies used the old-boy network to fill vacancies. Now it estimates that the proportion has fallen to less than half. This year there will be about 2,000 non-executive appointments to companies of a decent size. That means a great deal of business for headhunters which charge between £15,000 and £30,000 for each appointment.

Yet for all the work it has done, Pro Ned does not enter the private sector covered in glory. Many people who have failed to get on to its select list of 900 eligible candidates for non-executive positions argue that its criteria are too narrow – that many of the people on the list are too old and too obvious. Others who have managed to get on to the list but who years later have still not had a single sniff of a job are also restive.

The headhunters argue that Pro Ned's way of selecting clients from a list is too passive (they put less emphasis on the fact it has also been some £10,000 cheaper). They argue that only by conducting a search can the perfect person be found.

Under the new ownership Pro Ned is likely to change, becoming more expensive as well as more active, going out to find business rather than responding to companies which have asked.

Business school blueprint

Ian Hamilton Fazey examines Manchester's plans to go federal

Eighteen months on from the row over the future of its internationally-renowned business school, Manchester University is striving to reassert itself as a top-rank European centre of management education and research.

Its ambitions include a place in the world league which arguably includes institutions such as Harvard, Stanford and Northwestern of Illinois in the US, and Insead, London Business School, Henley, Warwick University and Cranfield in Europe.

Manchester's aim is to offer "cradle-to-grave" management education from undergraduate courses to post-doctoral research, including masters degrees (MBAs) and a range of shorter courses for experienced managers.

All this will be provided under the umbrella of the new Manchester Federal School of Business and Management, which comes into being this month and which will start operating formally in October.

The federation will comprise Manchester Business School, an entirely postgraduate institution, and three organisations which have all scored five out of five in the UK government's ratings of quality of research: the university's department of accountancy and finance, the school of management at University of Manchester Institute of Science and Technology (Umist) and a small group of academics and postgraduates in a group called Prest – a programme of Policy Research in Engineering Science and Technology. The federation will have about 200 teaching staff and 2,000 students, of whom between 35 and 40 per cent will be postgraduates or experienced managers on courses.

The three main institutions have functioned independently until now but, according to Martin Harris, the university's vice-chancellor, were competing fiercely for both staff and students and in danger of triplicating teaching posts.

Harris says the federation will encourage economy of scale and synergy, mainly through pooling teaching and research staff. Staff will operate between the institutions according to demand.

Students will be able to take various combinations of subjects and courses throughout the federal school, as well as combining them with other relevant courses, such as the engineering sciences, in the university. A points system for degrees, with students gaining marks incrementally as they complete the various constituent modules of combinations of courses, is planned.

Harris believes the federation will get better financial treatment from the government's Universities' Funding Council than if Manchester's business and management functions had gone their own way. Part of the federation's planning is a project costing up to £11m to locate all the institutions near the present business school buildings.

The federation issue was at the heart of the row over the future of Manchester Business School. The staff were split over whether the school should go its own way as a practically-oriented, less "academic" body. Those favouring autonomy included the school's council of private-sector leaders, who resigned and asked the government to intervene.

But the government stood back. Tom Cannon, the school's director, left his post shortly after, although he retains a visiting chair in corporate governance.

The school, now headed by the internally-promoted Tony Cockerell, has a new board of private-sector heavyweights, chaired by James Ross, chief executive of Cable & Wireless, who got his own MBA in Manchester. It includes Sir Terry Burns, permanent secretary to the Treasury, whose appointment made up for the loss of Sir Peter Middleton, one of his predecessors as head of the Treasury.

Manchester academics naturally hope that the federation marks a new dawn. "There has been no full-range international business school in the UK until now," says Cary Cooper, an American psychologist who works at Umist and is an authority on managerial stress. "Most schools concentrate on postgraduate and post-experience work. In terms of staff numbers, as well as the range of courses and disciplines covered, this will be pre-eminent."

There are still plenty of sceptics, however, who wonder if it will work. The one missing factor is leadership. As most management teachers acknowledge when talking about organisations generally, many co-operative efforts fail because ideals, or mutual self-interest, are not enough without someone in charge to drive them through.

Cooper, who knows more than most about the psychology of leadership in management, agrees this is a weakness. The hope must be that it is not exposed. If it is, the old axiom, "those who can, do; those who can't, teach," would rarely have been better exemplified.

TECHNOLOGY

Clive Cookson looks at the growing market for wound healing treatments, in a series on drug discoveries

Right time for dressing up

Wound healing is one area of medicine that the pharmaceutical industry has hardly touched. Although healthcare companies are producing an increasingly sophisticated range of protective dressings which enable the natural healing process to take place under good clean conditions, there are few drugs designed actively to heal wounds.

The position will be very different 10 years from now, if current research comes up to expectation. Scientists are developing healing combinations of "growth factors" – natural proteins that regulate cell growth – and creating new skin by "tissue engineering" to cover wounds.

The two main types of wound present quite different medical problems.

● Chronic wounds are caused by inadequate blood flow in people whose overall health is generally poor. Examples are diabetic ulcers and pressure sores in long-stay hospital patients. These may be prevented, to some extent, by avoiding sustained pressure in any one place, but once formed they are extremely hard to cure.

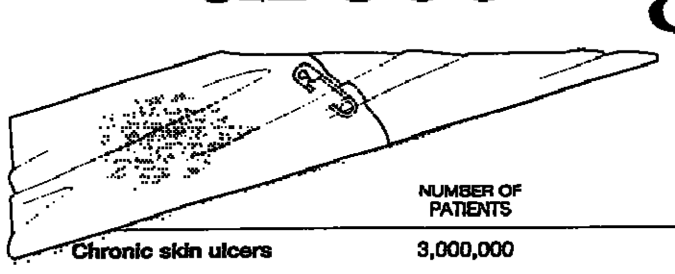
● Acute wounds are caused by sudden trauma – for example, accident or surgery – in otherwise healthy people. The challenge here is not to get them to heal but to improve the quality of healing by reducing the amount of permanent scarring. Scar tissue not only looks ugly; it can also cause medical problems, especially in children, because it is much less flexible than normal skin.

The outlook for improved treatment seems to be brighter for acute than for chronic wounds. "We may understand within five years how to achieve our ultimate goal – scar-free healing," says Greg Schultz, a scientist at the University of Florida Wound Research Institute in the US.

The starting point for research in several laboratories is the observation that an embryo or foetus heals without any scarring. "The challenge is to understand the biochemical differences between adult and foetal healing, and then recreate foetal conditions in the adult wound," Shultz says.

Some molecules – notably transforming growth factors beta-1 and beta-2 – are present in far larger quantities in the adult than in the foetus. Mark Ferguson, a biology professor at Manchester University in the UK, has developed a technique to "neutralise these growth factors so as to restore the balance to that present in the embryo".

The Manchester team has achieved scar-free healing in laboratory rats by blocking TGFB-1 and TGFB-2 and plans to start human trials later this year with patients undergoing minor surgery. Mannose-6-phosphate, a sugar that inhibits growth factors, will be used first, followed by neutralising antibodies.



Potential US market for new healing products

	NUMBER OF PATIENTS	PERCENTAGE TREATED	MARKET ($m per year)
Chronic skin ulcers	3,000,000	10%	1,500
Acute wounds			
Surgical	20,000,000	5%	1,000
Severe burns	100,000	50%	50
Skin grafts	100,000	50%	50
Cosmetic	500,000	80%	400
Total	23,700,000		3,000

Source: Genetic Technology News

Ferguson believes the healing process has evolved to close wounds as quickly as possible under dirty conditions – and scarring is the natural consequence. "For our ancestors, it was better to be scarred than dead from septicaemia [blood poisoning]," he says. "With contemporary hygiene and care, the growth factors are in overdrive and they can be reduced to eliminate scarring without adversely affecting healing."

The greatest success of scar prevention so far is in patients undergoing eye surgery – for whom the amount of scar tissue can make the difference between blindness and sight. Specialists at the University of Florida and Moorfields Eye Hospital, London, have found that a single touch of 5-fluorouracil, an anti-cancer drug that inhibits cell proliferation, greatly reduces scarring after surgery for glaucoma (excessive pressure inside the eye).

Another drug with potential for reducing scarring in the eye after surgery and chemical burns is Galardin, an enzyme inhibitor. It is in clinical trials with Glycomed, a Californian biotechnology company.

Attempts to speed up the healing of chronic wounds, which plague an estimated 3m Americans and a similar number of Europeans, have been less successful. Several growth factors are undergoing clinical trials but results so far are generally disappointing.

"One problem is that growth factors work together in combination," Ferguson says. "It may be that we need to add more than one growth factor at a time."

Curative Technologies, a biotechnology company in East Setauket, New York, is attempting to get round that problem by extracting a combination of growth factors from blood platelets. Its first product, Procuren, is derived from the patient's own blood at the company's chain of 50 wound care centres; the platelets are isolated by centrifuging a pint of blood and then treated with an enzyme, thrombin, to stimulate the release of growth factors.

Curative has gone on to organise clinical trials of a similar product, CT102 – growth factors extracted from pooled blood donations rather than each individual patient. Early results showed that the therapy healed 80 per cent of diabetic foot ulcers, while 29 per cent healed with a placebo dressing.

Acknowledging today's cost conscious environment, Curative commissioned a study by Arthur D Little, which showed that CT102 reduced the total cost of treatment per patient by $13,500 (£9,000). Wounds are a significant burden on the world's healthcare systems, costing several billion dollars a year to treat. In the UK alone, pressure sores and leg ulcers cost the National Health Service an estimated £500m a year.

However, even a combination of growth factors may have trouble curing a deep ulcer, because non-healing wounds contain high levels of enzymes (proteases) which break down the growth factors before they can do their work. Schultz says chronic wounds may contain 500 times more protease than healing wounds.

Instead of applying drugs such as growth factors to the wound, an alternative approach is to cover it with living cells which then make their own healing chemicals in the correct balance on the spot. Howard Green of Harvard Medical School discovered in the 1970s how to grow human skin cells in culture. His technique has been developed by several tissue engineering companies in the US, including Advanced Tissue Sciences, BioSurface Technologies and Marrow-Tech.

They use a variety of cell sources, including cadavers and the foreskins of new-born babies who have just been circumcised, to produce sheets of artificial skin. These are available as an immediate cover for large acute wounds and burns. But they are eventually rejected as foreign material by the patient's immune system.

The ideal wound dressing would be a sheet of skin grown from the patient's own cells – a process that unfortunately takes a couple of weeks. To speed things up, Smith & Nephew, the UK healthcare company, is developing a "living bandage" as a compromise between skin grafting and more conventional dressings. It consists of a synthetic polymer film seeded with the patient's skin cells. Within three days these have spread sufficiently for the living bandage to be applied to the wound, where the skin cells grow down into the underlying tissues. Eventually, when the regrown skin firmly covers the wound, the polymer film falls away.

Alan Suggett, Smith & Nephew's R&D director, says the living bandage is giving encouraging results in preliminary trials on burns patients but he is cautious about the timing of its commercial release.

Meanwhile Smith & Nephew and other manufacturers of wound dressings are introducing new polymers to improve the performance of their more traditional products. For example, Wilshire Medical Products, based in Dallas, Texas, recently introduced HydroDerm dressings, made from a transparent polyurethane film; they transmit moisture at a variable rate so as to keep the wound moist without allowing fluid to build up.

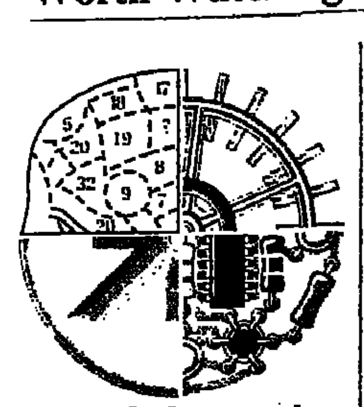
The wound care market is currently worth about $2bn a year worldwide. That could double if healing pharmaceuticals make a significant contribution over the next decade. And millions of patients who now suffer permanent scarring or chronic ulcers would be immeasurably happier.

The series will continue next month with an article on prostate problems.

■ **Articles over the last six months have looked at pharmaceutical advances in the following areas:**

Obesity	23 December
Contraceptives	12 November
Anaesthetics	15 October
Diabetes	17 September
Epilepsy	27 August
Arthritis	27 July

Worth Watching · Della Bradshaw



Colour hologram to halt CD pirates

Music and software held on cassettes and floppy discs have long been pirated, costing the entertainment industries millions of pounds in lost revenues. Now counterfeiters are beginning to copy compact discs, containing music, software and computer games.

Compact disc manufacturer Disctronics, of West Sussex, has developed a way of printing colour holograms on to CDs so that a genuine product can easily be recognised from a fake. The hologram is printed on the master copy of the disc – for a cost of between £800 and £2,200 – and then replicated.

The hologram can be a sliver of a pattern on the disc or a multi-coloured pattern which covers the whole surface – an idea Disctronics believes could prove popular with computer games companies. Disctronics: UK, 0403 732302.

Whiskers transform plant cells

Zeneca, the UK bioscience company, has found an astonishingly simple way of inserting new genes into plants, writes Clive Cookson. It uses microscopic needle-shaped crystals of silicon carbide, known as whiskers, to punch holes into plant cells through which foreign DNA can enter.

The researcher just shakes a test tube full of water, whiskers, DNA and cells for a few seconds with an ordinary laboratory mixer. Silicon carbide is an extremely hard industrial chemical and its crystals are widely available.

The patented Zeneca method is far faster and cheaper than the techniques used elsewhere for genetic engineering of plants. The company says it has already used whiskers to add new genes to maize – a crop that is very difficult to transform with other techniques – and intends to apply the method to many other plants. Zeneca Seeds: UK, 0428 655049.

Danish banks put a stop to abuse

Danish banks have introduced a digital signature security system which will cover all the country's banks by the end of this year, writes Hilary Barnes.

Called Telesec, it is designed to prevent the abuse of office banking systems in which money is transferred electronically, by ensuring that senders and receivers are always identified.

The software-based system was developed by Cryptomathic, a small company owned by research staff from Aarhus University. Telesec uses advanced cryptographic solutions, based on mathematics. Cryptomathic: Denmark, 86202000.

Testing the purity of fruit juice

A technique developed at the University of Nantes, in France, to certify the authenticity of French wine, is now being used to determine whether fruit juices are as pure as their labels assert.

The Snif-NMR technique (site specific natural isotope fractionation by nuclear magnetic resonance) determines whether sugars in the juice come from fruit or sources such as sugar beet or cane.

Eurofins, the Nantes-based company which carries out the process, ferments the sugar into alcohol. Magnetic resonance is then used to determine the overall ratio of hydrogen and deuterium, the heavy hydrogen isotope, in the alcohol. The ratio varies according to the type of sugar.

The process also identifies where the carbon atoms in the alcohol are sited, a further indicator of the purity of the orange, apple, grapefruit or pineapple juice. Eurofins: France, 40 59 45 71; UK, 0961 251602.

Correction

In the article on January 14 headed "Japanese elevator girls bow out", the sterling equivalent of the Y10m cost of the lift information system was given wrongly as £595,200 instead of £59,520.

PEOPLE

Insurance moves

■ Ron Forrest has been appointed chief executive of BAIN CLARKSON, the international insurance broker which is part of the Inchcape Group. Forrest, 51, has worked with Alexander & Alexander and its predecessor companies since 1957 and was most recently chairman and ceo of Alexander & Alexander Inc, the group's US broking subsidiary. At Bain Clarkson he replaces Simon Arnold. Arnold, who previously combined the roles of chairman and chief executive, will continue as chairman.

■ Ted Codling, formerly a branch director of TSB Group, has been appointed a director of four companies in The LONGFORD GROUP.
■ Nicholas Bacon and Alexander MacKenzie Smith have been appointed directors of BOWRING Worldwide Insurance Brokers; Sheridan Edwards a director of Bowring Aviation; Mark Cubitt, Philip Lundberg, Peregrine Muncaster and Tom Smith directors of the marine and energy division of Bowring Marine; and James Summers a director of its marine reinsurance division.
■ Frank White, president and ceo of Willis Corroon Americas, is appointed chairman of Willis Corroon Americas and to the board of WILLIS CORROON GROUP. Jake Wallace has retired as a director and becomes vice-chairman of Willis Corroon Corporation.
■ Alex Mackay, md of managing agencies, and Ian Martin have been appointed to the board of The BROCKBANK Group.
■ Mike Ball and Nick White have been appointed directors of H CLARKSON.
■ Colin Peters has been appointed secretary of LIVERPOOL VICTORIA FRIENDLY SOCIETY; John Lambeth remains chief executive, the two roles having been split.
■ Richard Tarling has been appointed company secretary of TRADE INDEMNITY GROUP on the resignation of Graham Kent.
■ Kornelis Van der Ploeg has been appointed md of WINTERTHUR INSURANCE COMPANY (UK) and head of the international division of which the UK is a part.
■ Jeremy Clews has been appointed a director of SBJ Stephenson, part of STEEL BURRILL JONES GROUP.

Wimpey replaces finance director

Roger Wood has resigned as finance director of Wimpey, the large UK housebuilder and construction group, less than three years after joining the company .

Wimpey says Wood, finance director at Burmah Oil between 1986 and 1990, is leaving to pursue other business interests.

However, relations between Wimpey and Wood have been strained and a parting had been expected by the City. The company is understood to have felt that the former oil industry executive had not made an easy transition to housebuilding and construction.

Under the terms of his contract Wood is expected to receive a severance payment of more than £200,000. He is the latest in a series of board changes as chief executive Joe Dwyer has moved to strengthen the company's management, although it was Dwyer who appointed him in April 1991.

Other directors to have left the group since 1991 include Bob Sellier, managing director, Peter Whitehouse, who headed the group's US operations and Nelson Oliver who ran the housing division.

Wood is to be replaced by Richard Saville (above), who has been the company's corporate development director since 1991. Saville was previously director responsible for oil industry research with Morgan Grenfell Securities. He joined Wimpey in 1988 as corporate finance executive working closely with the former finance director Michael Dowdy, since retired. He was closely involved in the group's disposal programme which has raised more than £300m and substantially improved the group's finances.

Saville, 45, will be expected to play a prominent role in Wimpey's plans to expand the group as the housebuilding and construction markets recover.

■ John Marshall, previously md, is to become chief executive of John Mowlem when Sir Philip Beck retires as executive chairman in August. Sir Philip will remain as part-time chairman.

■ Countryside Properties is splitting the roles of chairman and managing director. Previously both roles were filled by the company's founder, Alan Cherry, who will remain executive chairman of the group. Graham Cherry and Richard Cherry have been appointed joint managing directors.

■ Ladbroke yesterday ended nearly two months of uncertainty by announcing that Tommaso Zanzotto (above) is to become chief executive of its Hilton International hotels subsidiary.

At the beginning of December the group said it was having discussions with Michael Hirst, the head of Hilton, about his future. Hirst is a highly-respected hotelier and news that he would probably be leaving Hilton contributed to a fall in the Ladbroke share price last month.

The group is thought to have decided that a new head of Hilton International could make more of one of the world's best-known brand names.

Zanzotto, 52, was previously international president of American Express Travel Related Services, based in New York. He has worked for American Express in Italy and Mexico and as president of its Europe, Middle East and Africa division his move to the US.

Zanzotto, who was born in Italy, was a founding member of the World Travel and Tourism Council.

Ladbroke says Hirst has decided it was an appropriate time for him to leave the company, although he will assist his successor until the beginning of May.

■ Philip Coates, Stan Frith, Martin Gatto, David Jury and John Ridgewell, all directors of Gateway Foodmarkets, have been appointed to the board of GATEWAY GROUP.

■ Grocery chain Asda is promoting Allan Leighton from marketing to retail director from the end of the month.

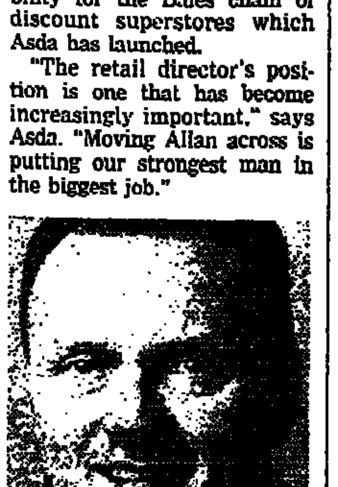
The post had been unoccupied for some months after long-term illness forced Peter Monaghan, the previous incumbent, to take extended leave last year, and finally to resign at the end of the year.

Leighton, 40, was brought in by Asda chief executive Archie Norman in March 1992, after a long career with food group Mars, where he was latterly sales director of Pedigree Petfoods.

As Asda's first marketing director to sit on the main board, Leighton (below) has led the first phase of the group's recovery programme, repositioning the group as a more price-led retailer catering for the "weekly shopping needs of ordinary working families". He repositioned Asda's own label and also re-introduced the "Asda Price" advertising campaign.

Now he will take over the latest phase of the recovery programme – accelerating the rate of store change and the "renewal" programme of store refits. He retains his responsibility for the Dales chain of discount superstores which Asda has launched.

"The retail director's position is one that has become increasingly important," says Asda. "Moving Allan across is putting our strongest man in the biggest job."



Non-executive directors

■ Robert Corroon, a non-executive director of WILLIS CORROON GROUP, died on January 17 at the age of 71.

■ Lord Remnant, chairman of NPI and a director of Bank of Scotland, at LONDON MERCHANT SECURITIES.
■ James Rawson, chairman and md of Epwin Group, at JAMES WILKES; Philip Ling has resigned.
■ Hugh Laughland as temporary chairman at LOW & BONAR; Ian Macpherson has resigned because of continuing ill-health.
■ Gilbert Massac, former deputy chairman and ceo of Compagnie General Maritime, at LONDON & OVERSEAS FREIGHTERS.
■ Lee Hau Hian, a director of Kuala Lumpur Kepong Investments, at YULE CATTO.
■ David Hunter, recently retired chairman of Henry Cooke Group, at PATERSON ZOCHONIS.
■ Jeremy Paulson-Ellis, chairman of Genesis Investment Management, Herbert Scheel, senior vice-president Hannover Reinsurance, and Doan Duy Thanh, president of Vietnam Chamber of Commerce and Industry, at The VIETNAM FUND.
■ Terence Harrison, chief executive of Rolls-Royce, at VOSPER THORNYCROFT; John Wells has resigned.
■ David Brooke, deputy chairman of JO Hambro & Partners and chairman of NASD's international markets advisory board; Charles Johnson, president and director of Franklin Resources Inc and a former chairman of NASD; and Jack Shaw, a deputy governor of the Bank of Scotland, at TEMPLETON INVESTMENT MANAGEMENT.
■ Robin Broadley and Ian Ball have resigned from FERRANTI INTERNATIONAL.
■ Roy Summers, a director of Scottish & Newcastle, at The EDINBURGH INVESTMENT TRUST; William Cochrane has resigned.
■ David Gibbard, operations director at Swalec, at The PRINCIPALITY BUILDING SOCIETY.
■ Robin Launders has resigned from REG VARDY.
■ Brian Slade has resigned from SERCO GROUP.

Theatre/**Malcolm Rutherford**

Fascism reigns in 'Unfinished Business'

No-one can accuse the Royal Shakespeare Company of not being broad-minded. The extraordinary new play at the Pit is overtly sympathetic to fascism, or at least to fascists.

Nor are the characters poor Italians taken for a ride by Mussolini without knowing any better. They are English fascists, living in a stately home, and their heroes are not *Il Duce* but the real thing: if not quite Hitler, certainly Goering.

Michael Hastings's *Unfinished Business* is not about appeasement and the Cliveden set, whose motives might have been more understandable. It is 1940; the war has started and these are German supporters, not appeasers. Lord Sheffield and family stand in their stately grounds to cheer the *Luftwaffe* over England.

The Bishop of Devon has arrived with his boxes full of hand grenades and a sub-machine gun to help the German forces they are confident are about to arrive. Lady Sheffield says firmly before dinner: "Whatever happens, you can rest assured that villains like Churchill and Beaverbrook will hang from Whitehall." The aim is to establish two empires, one German, one British, to stand up to communism and semitism and preserve the Saxon race.

Moreover, the Sheffields, so far as the family survives, remain unrepentant. For apart from 1940 *Unfinished Business* is also set in the present day. The new Lord Sheffield, a tennis-playing schoolboy when the play began, is now impoverished in an old people's home which happens to be the original stately mansion. "I lost the war," he says, but "I am a fascist. I haven't gone away."

All this is presented without the slightest detectable touch of satire or overt criticism. The Sheffield family is played with sympathy, even dignity, with the old Lord Sheffield defending "the Englishman's right to be ridiculous in his own country". Nobody laughs.

When one recovers from the mild surprise of seeing a piece like this at the RSC, or indeed anywhere, what is *Unfinished Business* like as a play? It is certainly interesting. There are some elements of a plot, sometimes several. There is a butler Douglas (Jasper Britton) whom Lord Sheffield claims to believe is working for British intelligence. The suspicion drives the butler mad, but when he produces a gun to threaten the entire Sheffield household, it is the butler who is shot. Lord Sheffield hangs himself, abetted by his son, who inherits the title.

The young Lord Sheffield dismisses the maid with whom we have seen him romping in the attic. She is pregnant with his child. Such sudden dastardy at least facilitates the move to the present day. In the old people's home, Sheffield's nurse is the maid's daughter and the mother turns up to visit. The last 20 minutes or so struck me as almost intolerably sentimental as the old man seeks a reconciliation, though

Michael Hastings can certainly write, even if he has produced a strange play

there is a final twist when one of the old hand grenades is discovered and there is the possibility of a mutual suicide pact.

Some of the performances are excellent. Philip Voss is always admirable. As the old Lord Sheffield, he has a streak of bullying snobbery, but also fierce pride and independence. When the butler pulls out the gun, the senior Sheffield is the single member of the family to stand up to him.

The only really unpleasant figure in the play is the simpering Bishop played by Ian Taylor. That seems a bit unfair, since they are nearly all in it together, but Taylor can certainly drivel. Gemma Jones is an impressive looking Lady Sheffield, yet has very little to do. The part of the new Lord Sheffield is split between Toby Stephens playing the 17-year-old and Geoffrey Bayldon as the septuagenarian. The part that stands out above all is Britton's butler. All butlers, he says, tread a narrow path between sanity and madness and in one scene he treads it perfectly. The same scene shows that Hastings can certainly write, even if he has produced a strange play. Direction is by Steven Pimlott.

In repertory at The Pit (071) 638 8891

Concert/**Richard Fairman**

Purcell's 'Dioclesian': a rarity revived

Only 12 months to go until the long-awaited tercentenary of Henry Purcell's death. The preliminary fanfares which started to be heard as early as two years ago are now in a crescendo, as early music groups line up to go into the recording studios so that their new Purcell records will be ready for next year.

The latest rarity to be revived is *Dioclesian*, a semi-opera composed in 1690, originally blending play and music. In the light of current political events its attitudes

Trevor Pinnock kept strictly to the music, probably the best way to produce these semi-operas today

look most unfashionable. No opportunity is missed to praise the ruling monarch, to "sound his renown", to "embalm his name". Nor is much time spent debating moral propriety. In the celebratory masque at the end Bacchus and Cupid are the two immortal guests, promising "days and nights spent in delights".

The plays which were intended to go with Purcell's semi-operas do not as a rule add much to our understanding of the music. Roger Norrington recently performed *The Fairy Queen* complete with the re-hashed version of *A Midsummer Night's Dream* for which it was intended, but that is a special case. The Shakespeare, even mutilated, retains its strength. When the other plays have been unearthed, they have merely made the evenings very long indeed.

For their concert performance of *Dioclesian* at St John's, Smith Square, Trevor Pinnock and The English Concert kept strictly to the music. No play, no acting to talk of, no sets. (In Purcell's day the lavish transformation scenes brought vistas of palaces and gardens descending from the ceiling.) For present-day audiences this is probably the best way, though it would be fascinating just once to lash out on a comparable staging for the commemorative year.

Even if he did have to share the limelight with the dramatist, there is no sign that Purcell gave the music anything less than his fullest attention. Odd corners of the score are enlivened by a pride in detail. The picturesque moments, including the Butterfly Dance, the Chair Dance, and the Canaries, are drawn with skill and delight. With their recording imminent, Pinnock and his players were rehearsed to top form, as was the exemplary Choir of the English Concert.

Nancy Argenta and Ann Monoyios were the two soprano Wood-Gods, the latter the more delicate, neatly turning her ornaments. Stephen Gadd makes an impressive, firm Purcell bass, but was po-faced as the shepherd who sweeps his shepherdess off her feet in the space of four stanzas. Some of the other solo singing was on the dull side in music as fresh and alive as if it was written yesterday – no doubt why the programme gave Purcell's dates as 1965-95.

Alastair Muir

The cast hulk across the stage on oil drums, gasping furiously

Stomp appeal

Post-punk, pre-grunge, **Sophie Constanti** enjoys this troupe's industrial style

Stomp is a troupe of DIY music makers; a sound and motion relay team of six men and two women, all of whom have the tough, dusty, whitewash-spattered appearance of building site labourers. As they wander onstage – coughing, sniffing and shrugging – you almost expect them to start passing bricks and planks to one another or to call for a tea break. But in the workmanlike fashion which, it soon transpires, is an essential part of Stomp's heavy handed, unadorned, industrial style (and a major element of their appeal), they set about manipulating dustbins, brooms, rubber pipes, buckets, newspapers and each other to create walls of sound which rise and cascade to often thrilling effect.

Post-punk, pre-grunge and hellbent on discovering rhythmic possibilities in the most simple, everyday actions and objects, Stomp's performers treat the stage as workshop floor. Here they not only practice their trade, but engage in the petty rivalries of the workplace – frustration, one-upmanship and glee made visible by body language, facial expression or a single aural response delivered with an acute sense of comic timing.

When the foreman, a cherubic, too clever by half wideboy character, is not keeping an eye on his colleagues or leading them in a militant tap dance, he is challenging the audience with a repeat-after-me series of clapping rhythms, making participation seem like an activity charged with fun rather than embarrassment. Other members of the cast devote most of their energy to the total physical theatre of noise-making; they use knotted rags to thrash at the shallow pools of water on top of an arrangement of oil drums; standing in tea chests, they hulk across the stage, gasping furiously with each burst of effort; harnessed to the facade of the show's junk-laden scaffolding tower, they swing from side to side, beating a selection of items to mimic the delicate chimes and hypnotic spectacle of figures on a huge, decorative, outdoor clock.

The muscular strain involved is unconcealed, even celebrated; a brute strength which colours and defines Stomp's brand of disciplined, humorous yobbery but is frequently interrupted by more subtle assertions of power, authority and wilful non-co-operation. A thumbs-up, a look of disdain, refusing to play the game or initiating one's own amusement and excluding everyone else – these are the quiet, personalised moments of a show which relies heavily on team effort.

Anyone who derives pleasure from rummaging through skips full of useless junk, or is convinced that every scrap of rusting metal and piece of splintered wood is potentially recyclable will love Stomp. So will anyone who has tried to find light entertainment in the most mundane of household chores. After watching Stomp in their Socialist Worker meets Fred Astaire opener – all swishing brooms and dancing feet encased in Blundstone boots – or in their washing the dishes routine in which four men, each wearing a kitchen sink unit in the way that a cinema usherette wears her box of ice creams, plunge their rubber-gloved hands into soapy water for a droll, anarchic, scrub and rinse ballet, you might even start to believe that the task of removing stains on the carpet can be turned into a domestic artform.

At Sadler's Wells until February 5

Distant echoes of long lost civilisations

Susan Moore admires the Ortiz antiquities currently on show at the Royal Academy

In an age in which every businessman who makes the odd foray into Bond Street or Park Avenue acquires the soubriquet "collector", it is heartening to discover the collection of George Ortiz.

The works of art on show at the Royal Academy in London – their first public airing in the West – represent the cream of a collection that has been singlemindedly amassed and honed over 44 years. Ortiz belongs to that all but extinct breed of passionate, self-taught connoisseur-collectors fortunate to have the means – his grandfather was Bolivian "Tin King" Simon Patino – to pursue his passion and the eye to utilise it. To say that he has formed the world's finest antiquities collection in private hands is almost to miss the point. Each piece speaks for itself.

You do not have to know anything about ancient civilisations to respond to objects such as the commanding copper bust of the 12th Dynasty Pharoah Amenemenhat III, the handful of tiny Babylonian haematite shell and frog weights or the elegant curves of an Anatolian Bronze Age stag. George Ortiz's response to art has always been instinctive and emotional. He learnt by looking, by feeling, and then comparing.

For the unveiling of his collection of 282 exhibits from some 27 different cultures, Ortiz has assumed the role of a team of curators and technicians. He has not only selected and catalogued the exhibits, previously confined to his home in Geneva, but supervised their packing and display down to the design and exact dimension of each showcase. Rusty Culp and his assistant have been flown in from the US to light the show; some £35,000 of new equipment has been donated to the RA. From first glimpse, it is apparent that this is no typical museum exhibition.

A number of exhibits are left free-standing, unencumbered by the barrier of glass. Although ordered by chronology and region, the display favours juxtapositions determined more by aesthetics than by any archaeological purism. A lively bronze bowman from 7th century BC Crete stands before a much earlier, probably Athenian *krater* painted with a centaur of startlingly similar angular features. The comparison adds to our appreciation of both.

Elsewhere two Nuragic warriors from 9th-7th century BC Sardinia find themselves locked in an accidental embrace, joined by a root that chose to grow through them. In a museum the root would have been removed and the figures separated. Most strikingly, each item is shown to its best advantage and given the requisite space to speak with its own voice. These are luxuries that overcrowded and underfunded museums cannot afford.

In return for lending 280 pieces from his collection – this exhibition in effect – to the Hermitage and Pushkin museums, Ortiz was allowed the privilege – and every museum curator's dream – of trawling museums across the USSR to mount his own loan exhibition of ancient art from Eurasia. The show was staged in Zürich and Kyoto last year. Unlike many museum curators, he is also free to acquire antiquities that come without a provenance.

Greek art forms the bulk of the Ortiz collection, ranging from the Neolithic to the Byzantine and from the Greek mainland to Sicily and beyond. Not to be missed is the infinitely subtle marble torso that so assuredly marks the transition from the stylised severity of the Archaic style to the naturalism of the classical period. Or the glorious group of partially

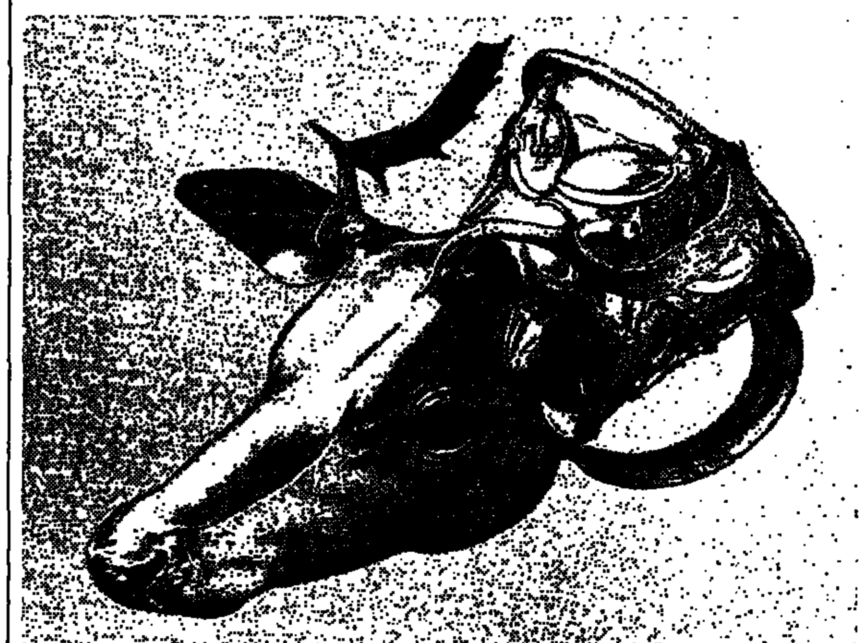
George Ortiz belongs to that all but extinct breed of self-taught connoisseur-collectors fortunate enough to have the means to pursue his passion

gilt silver rhytons or drinking vessels that take the form of stag and doe's heads and the twin-faced Janus.

But no less remarkable are the far less familiar survivors of more distant civilisations. There is the monumental alabaster Sumerian bull-man from 3rd millennium BC Umma, the spirited patinated bronze chariot fittings in the guise of wild asses from Early Zhou dynasty China, the imposing Ghandara head from present-day Pakistan believed to represent the Prince Siddhartha, the first Buddha. The spiralling gold armlet from Bronze Age France is pure sculpture.

It is the smaller pieces and figurines that more often beguile us with their purity of form, line and expression. The best exude a vibrant human spirit that breezes effortlessly across continents and millennia.

Art of the Ancient World continues at the Royal Academy of Arts, London W1, until April 6.



An early 4th century BC silver and gilt 'rhyton', or drinking vessel, in the shape of a stag's head, probably from the Black sea region

INTERNATIONAL ARTS GUIDE

Spanish arts festival

As part of the Spanish Arts Festival in London over the next three months, there will be major exhibitions devoted to Picasso, Goya and Dali.

The Tate Gallery is first off the mark with an exploration of the relationship between Picasso's sculpture and painting (Feb 16-May 8). For most of his career, Picasso made sure that his sculpture remained almost a secret. Then, in a revelatory show in Paris in the mid-1960s, the full extent of his sculptural achievement was displayed. It proved that his three-dimensional work was just as revolutionary as his painting.

The Tate's show will include 200 sculptures, paintings, drawings and ceramics. The sculptures, ranging from Cubist constructions to welded iron pieces and late, painted sheet-metal works, will at last be given their rightful place at the centre of his output.

The Hayward Gallery's Salvador Dali exhibition (March 3-May 30) is devoted to the early years, conveniently ignoring the deterioration in his later work. This will be the first exhibition to show how the Dali phenomenon came about. It follows the prodigiously gifted young artist from his childhood in northern Catalonia to the rebellious student years in Madrid, his expulsion from the Madrid Academy in 1926 and his first exhibition in Paris in 1929. It culminates with the works he created at the end of the 1920s, which opened a new phase of surrealist art.

The Goya show at the Royal Academy (March 17-June 12) is entitled Truth and Fantasy, and arrives in London from the Prado in Madrid. It focuses on 100 of Goya's small-scale paintings, starting with early oil studies for the Spanish Royal Tapestry Factory. Shipwrecks, brigands, bull-fights and witchcraft fill the later pictures with astonishing vitality, and the final miniatures on ivory prove that Goya retained his fertility to the end.

EXHIBITIONS GUIDE

AMSTERDAM

Rijksmuseum Dawn of the Golden Age, Northern Netherlandish Art: 350 works offering a magnificent survey of art in the Netherlands around 1600. Ends March 6. Closed Mon

Museum Het Rembrandthuis The Netherlands from Life: a visual walk through the countryside f 17th century Holland. Ends March 6. Daily

Van Gogh Museum Georges de Feure and Félix Bracquemond: retrospective of the Dutch Symbolist painter and the late 19th century French printmaker. Ends Feb 13. Daily

BERLIN

Schloss Charlottenburg The First Europeans: artefacts of archaeological, scientific and artistic interest, painting a picture of early European civilisation. Ends Feb 18. Daily

BREMEN

Neues Museum Weserburg Richard Long (b1945): 13 large installations by the British artist, mainly from private German collections. Ends Feb 13. Closed Mon

CHICAGO

Art Institute Violent Passions - Edvard Munch and Alban Berg: 20 lithographs, etchings and woodcuts by Munch. They include works from the portfolio Alpha and Omega, featuring images that echo the libretto of Berg's Wozzeck, currently being performed at the Lyric Opera. Ends May 1. Daily

COLOGNE

Wallraf-Richartz-Museum Stefan Lochner: 100 works by the 15th century Cologne master and his circle. Ends Feb 27. Closed Mon

GLASGOW

McLellan Galleries The Bigger Picture: a celebration of 400 years of Scottish painting. Ends April 4. Daily

Burrell Collection Degas in Bronze: the complete set of 73 sculptures, including The Little Fourteen-year-old Dancer, plus paintings and pastels from the Burrell's own fine collection. Ends March 13. Daily

GOTTINGEN

Städtisches Museum African Sculpture: 70 figures and masks dating from the turn of the century, on loan from the ethnographic collection of Göttingen University. Ends Feb 27. Closed Mon

HAMBURG

Museum für Kunst und Gewerbe Poster Art: 300 examples from Toulouse-Lautrec to the present day. Ends March 20. Closed Mon

LONDON

Royal Academy of Arts Art of the Ancient World: 300 masterpieces from the George Ortiz collection, considered one of the finest collections of antiquities in private hands today. It includes Sumerian carvings from the third millenium BC, an exceptional alabaster carving of a bull-man from Umma, sculptures from the court of the Egyptian Pharaoh Amenemhat III, neolithic fertility goddesses and Minoan bronze statuettes from ancient Greece, and a spectacular life-size head of prince Siddhartha from the second century AD, showing that Greek influence extended as far as the Indus Valley. Ends April 6. The Unknown Modigliani: 400 drawings created between 1906 and 1914, and collected by Paul Alexandre, the artist's doctor, patron and friend during his early years in Paris. Ends April 4. Daily

National Portrait Gallery Holbein and the Court of Henry VIII: 28 portraits and five miniatures from the royal collection at Windsor. Ends April 17. Daily

MADRID

Fundacion Juan March Goya: the first opportunity in Spain to see the entire, magnificent range of the artist's graphic output - 288 prints in all - ranging from the celebrated sets of the Caprichos, Desastres de la guerra and Proverbios, to the prints after Velazquez and the late Bulls of Bordeaux lithographs. Ends March 20. Daily

Prado Goya: cabinet pictures, sketches and miniatures. Ends Feb 15.

Centro de Arte Reina Sofia Bruce Nauman: 60 works from all periods in the American conceptual artist's career. Ends Feb 14. Agnes Martin. Ends Feb 21. Closed Tues

MARTIGNY

Fondation Pierre Gianadda Marie Laurencin: paintings and drawings from the Laurencin museum in Japan, showing the dreamy elegant creatures beloved by the artist. Ends March 6. Daily

NEW YORK

Metropolitan Museum of Art Lucian Freud: 80 paintings, drawings and etchings celebrating the recent achievements of Britain's greatest living realist painter. Ends March 13. Degas Landscapes: more than 60 unfamiliar pastels and oil paintings. Ends April 3. 16th Century Italian Renaissance Drawings in New York Collections: little-known works by Raphael, Michelangelo and Titian. Ends March 27. Closed Mon

NUREMBERG

Germanisches Nationalmuseum Graphic Art from Communist East Germany: 76 drawings and sketches by 70 artists, from the collection built up by Wolfgang Schreiner during his travels in East Germany in the 1970s and 1980s. Ends March 20. Closed Mon

PARIS

Musée d'Orsay Les Nabis. Ends Feb 13. Closed Mon, late opening Thurs

Musée d'Art Moderne de la Ville de Paris Around a Masterwork of Matisse: three monumental versions of the Dance are shown side by side for the first time, together with preparatory sketches and photographs. Ends March 6. Closed Mon (11 ave du President Wilson)

Musée du Luxembourg The Glorification of Saints in the Limousin Region: 100 examples of religious art from the Middle Ages to the 20th century, including enamelware, goldsmiths' work, manuscripts and wood carvings. Ends March 9. Closed Mon (19 rue de Vaugirard, on edge of Luxembourg gardens)

Versailles Versailles and the Royal Tables of Europe from the 17th to 19th centuries. Ends Feb 27. Closed Mon

Louvre The newly-opened Richelieu wing, with its three covered courtyards, completes the major part of a project to transform the former royal palace into the Grand Louvre. It offers a dazzling setting for the collections of Islamic art, medieval art (including the Treasure from the Abbey of Saint-Denis), Rembrandts and Rubenses, and French paintings from the 15th to 17th centuries. Closed Tues

ROTTERDAM

Museum Boymans-van Beuningen Italian Paintings 1300-1500: 26 paintings by early Italian artists from Bologna, Florence, Siena and other towns in northern and central Italy, complemented by a wide selection of prints and drawings. Ends Feb 27. New Glass in Japan: 100 recent works by 23 artists, illustrating what distinguishes Japanese art glass from its European and American counterparts. Ends March 27. Rene Block Collection: works by Beuys, Polke, Richter and other modern artists. Ends Feb 6. Closed Mon

SPEYER

Historisches Museum der Pfalz Lee Miller (1907-1977): exhibition of work by one of the most celebrated 20th century American photographers. Ends March 13. Europe's first wine museum, built in 1910, has re-opened with 150 artefacts tracing the history of wine-making back to Roman times. Daily

WASHINGTON

National Gallery of Art The Age of the Baroque in Portugal. Ends Feb 6. Renaissance Portrait Medals: 170 of the most beautiful and significant medals from leading European centres, combining portraiture, narrative and historical references in condensed form. Ends May 1. Daily

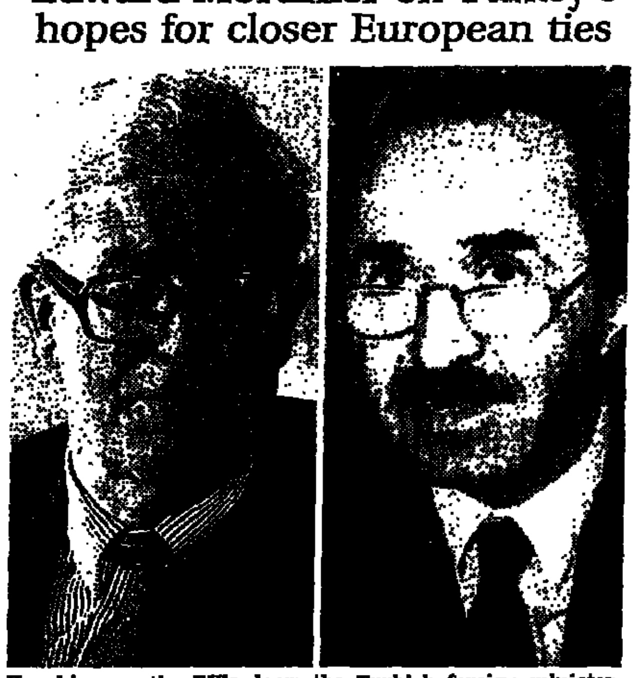
National Museum of Women in the Arts Judith Leyster: ten works by the 17th century Dutch genre painter. Ends April 3. Daily

Walters Art Gallery Artists of Ecouen. Ends Feb 6. A Bouquet of French Manuscripts: rare works from the late Middle Ages and Renaissance. Ends April 10. Closed Mon

National Museum of American Art Arvin Gottlieb Collection: 22 paintings by artists who worked in New Mexico 1900-1940 and were captivated by the dramatic landscapes and native cultures. Ends March 20. Daily

An outsider looking in

John Murray Brown and **Edward Mortimer** on Turkey's hopes for closer European ties



Knocking on the EU's door: the Turkish foreign minister, Hikmet Çetin (right), who met his UK counterpart, Douglas Hurd

The joint visit to Ankara yesterday of Douglas Hurd and Klaus Kinkel, foreign ministers of their respective countries, was an unprecedented Anglo-German initiative.

It would be normal for either to visit Turkey alone or, in special circumstances, for both to participate in a European Union mission. But the latter would be formally led by the country occupying the presidency, which since January 1 is Greece. In this case Greece was not only unrepresented, but its absence was virtually the object of the exercise.

For different reasons both the UK and Germany see themselves as Turkey's main friends and advocates within the EU; and even though British officials insist no discourtesy to Greece is intended, both governments are anxious to reassure the Turks that the six-month Greek presidency will not damage EU-Turkish relations.

The Turks are delighted by the gesture, while Greece has denounced it as a breach of the EU common foreign and security policy, supposedly in operation since the Maastricht treaty came into force last November 1. The meeting provides a potent reminder of the importance west European countries attach to their relationship with Turkey – "not a luxury but a necessity", Mr Hurd said on Wednesday – and of their impatience with Greek efforts to block that relationship in the hope of extorting Turkish concessions on Cyprus.

Greek-Turkish relations, seldom warm even before Turkey occupied two-fifths of Cyprus and drove out the Greek-speaking population in 1974, have been almost continuously tense since then. Their bilateral relations are also envenomed by a long-running dispute about oil-exploration rights on the continental shelf under the Aegean Sea – an issue which came close to causing war in 1989, and which Greece now threatens to revive.

But in western Europe Turkey is increasingly seen as the political and commercial hub of the eastern Mediterranean, as well as a potentially stabilising influence in the Turkic-speaking republics of the former Soviet Union. In Europe as in the US, Turkey is viewed as a regional power, a secular democratic role model, and a buffer to Islamic expansion in the Middle East.

Turkey, as one senior British official put it, is a "trusted and valuable interlocutor" in a range of trouble spots from the Balkans, to the Caucasus, central Asia and the Middle East. But it may not stay that way, unless Europe succeeds in complementing the defence aspects of the relationship with stronger political and economic ties.

This month, Mr Jacques Delors, president of the European Commission, visited Athens and appealed to Greece to adopt a "realistic and strategic view of Turkey's importance".

Turkey is already smarting at the way its application for EU membership has been politely shelved since 1989 – while Efta countries, and perhaps even former communist satellites in central and eastern Europe, are allowed to jump the queue. The latter prospect, clearly flagged by last year's Copenhagen summit, is especially galling to the Turks who feel their record as solid Nato allies since the mid 1950s, and their support for the west in the Gulf war, entitle them to expect better treatment.

Many of the reservations about Turkey's qualifications for EU membership expressed by the Commission in 1989 still stand: the problems presented by Turkey's large population; its heavy dependence on agriculture for employment; and perhaps most emphatically, its less than creditable human rights record. A recent debate in the British House of Lords, strongly critical of Turkish policy towards its Kurdish minority, was a salutary reminder for Turkish officials of the difficulty the country faces in improving its image in the west.

The next few months will provide a significant test for both the EU and the Turkish government in their efforts to keep Turkey's European ambitions on track. Barring upsets, a customs union between Turkey and the EU is due to start in 1995. This will be the biggest change in Turkey's trading conditions since it signed an association treaty with the European Community in 1963, and the country has embarked on an ambitious programme of economic, social and political reforms aimed at bringing its institutions into line with those of its European partners.

At the same time the Turks are eagerly seeking clarification of the offer of associate membership of the Western European Union – the EU's defence arm and "European pillar" of Nato – made to them last year, which they have yet to put to their parliament for ratification.

During his visit, Mr Hurd tried to define a comprehensive agenda, aimed at transforming the EU Turkish relationship: completion of the customs union on time, a more intensive political dialogue on issues covered by the EU's common foreign and security policy, and a deepening of the defence relationship – while at the same time Turkey has to push ahead with legal and human rights reforms at home.

The UK is also urging Turkey to make renewed efforts to reach an early solution of the Cyprus problem, stressing that this has been an obstacle to improved relations, not just with Greece, but with Europe as a whole and indeed the US. It will not be easy, since the Turkish Cypriot leader Mr Rauf Denktaş is attached to his independent status, while the Greek Cypriot president, Mr Glafkos Clerides, elected last year, is on the whole less flexible than his predecessor. The latest war of words would suggest there is still some way to go to create a climate of confidence to resolve the issue.

In addition, the Greeks have until now used their veto powers to block EU financial assistance due to Turkey under the so-called fourth financial protocol, and have refused to approve the "Matutes package", a programme of support for Turkey prepared in the wake of the Commission's negative opinion on the Turkish application for full membership.

Turkey's foreign minister, Mr Hikmet Çetin, has already thrown down the challenge to his European partners. "It is not that Turkey is in need of the money," he says. "The issue is whether the Union has the will to overcome the veto of just one of its members." Mr Hurd's and Mr Kinkel's visit may have partly reassured him but, coming in a week when the Turkish lira collapsed as several key economic indicators diverged further from the European norm, it should also have served to demonstrate that Turkey's problems with the EU are by no means all of Greek origin.

Joe Rogaly

Lords to the rescue

Thank heavens for the House of Lords. We who would prefer the second chamber to be an elected senate cannot be comfortable with such a sentiment, but there is no escape. The ermined posse has cantered to our rescue, and not before time.

Let me explain. The government, which falls short of perfection, is confronted by an ineffective opposition. When ministers misuse their powers, or attempt to take too much upon themselves – which believe it or not they do – the ordinary citizen is helpless. There no recourse to the courts or a basic law, as in Germany. The checks and balances do not exist.

One solution, as we have seen over the past year, is a strong, brash, intrusive and angry media. This is regrettable. Newspapers and TV, elected by no one, were not placed on earth to weaken the government or thwart its proposed legislation, or decide who shall and who shall not serve in the administration. Our trade is to report, analyse and comment. The House of Commons should be responsible for the rest. The lower house's failure to do its job has created a vacuum, which has drawn in the fearsome tribe of scribblers and questioners that has so damaged the Conservatives.

The House of Lords has likewise been sucked in. It, too, was elected by no one, but it does contain individuals who from time to time pursue the noble aim of safeguarding fundamental principles, without thought of party or personal advantage. In this the upper house is possibly more blessed than the media. Graced by Lord Whitelaw, it is triply blessed. It is no coincidence that the deterioration in the quality of the Conservative government first elected in 1979 dates from 1988, when the affable gentleman universally known as "Willie" stepped down. His role was that of purveyor of prudence and wisdom to the then Mrs Margaret Thatcher; without him at her ear, her fate was sealed.

On Tuesday Lord Whitelaw challenged certain clauses in the police and magistrate's courts bill. The new law would give the home secretary, Mr Michael Howard, the power to nominate chairmen of police authorities. "I ask him please to explain the reason for this major change in the whole history of policing in this country," said the former home secretary, now dignified with the title of Viscount. The answer is that after the 1992 election yet another Tory home secretary, Mr Kenneth Clarke, proposed to pack police authorities with his nominees. If memory serves, half were to be party placemen and women. This was watered down to a third, plus the appointee to the chair. Mr Howard had doubts from the start. The government's ambition to grab control from local authorities remains undiminished, or did so until Lord Whitelaw's powerful intervention.

The lower house's failure to do its job has created a vacuum, which has drawn in both the media and the House of Lords

As originally conceived, the bill would have taken us a step towards a national police force, something the English know in their bones should be avoided. Other clauses in current Home Office bills, notably the proposed removal of the accused's "right of silence" in court, and the extension of management-mania to the running of magistrate's courts have been criticised by the Lord Chief Justice. He may get less attention than Lord Whitelaw, whose political strength is far greater, but the process is the same. The upper house is attempting to guard our civil liberties.

Lord Whitelaw made one other point. "A bill for the police," he said, "...should command broad all-party support when it leaves Parliament..." In earlier, more decorous times, this would not have needed saying. Today the Conservatives are desperately afraid of Labour's successful assault on the traditional Tory lead on policies to reduce crime. A consensus approach may be beyond the imagination of the government. It is still tending the old Thatcherite machinery, churning out quangos by the score, chanting nonsense about efficiency, reading but failing to comprehend the manual left behind in the 1980s.

The House of Lords could do us another service. It could train its sights on the Deregulation and Contracting Out Bill. Make no mistake. Deregulation is highly desirable. Not one single unnecessary rule should be left standing. Indeed, the government's boast about a bonfire of controls would carry more conviction if more substantial material was to be fed to the flames than the easy twiglets and grass cuttings listed in Mr Michael Heseltine's glossy brochure. The trade and industry secretary is doubtless proceeding gingerly, as might have been expected, but his first offerings are pretty timid.

That said, the government is going about it the wrong way. It aims to give its ministers powers to do anything they please with existing regulations, on the ground that to ask Parliament to amend or repeal previous laws would be time-consuming and cumbersome. Would it really? The number of days the Commons sits varies with every session. It was 244 in 1979-80 and 160 in 1990-91. Better use of parliamentary hours has been suggested by many who have studied the timetable.

If you reject that excuse for giving every minister the power to make law, try this one: before issuing an order the minister must consult "such organisations as *appear to him* to be representative of interests substantially affected by his proposals..." In other words, he may choose to take lunch with the Burst-into-flame Furniture Manufacturers Association, but not the Keep Children Protected from Fire pressure group. To be fair, the bill provides for a 40-day delay before orders laid before Parliament can be confirmed by affirmative resolution. Parliamentary committees might examine orders during that period, although the mechanism for this is not yet established.

The Lords can hardly reject the entire bill. They could, however, improve it. As one example of many possible amendments, they could take out the words "appear to him", which I have italicised above, thus making it easier for ignored groups to sue. They could insist on a predefined mechanism for public scrutiny, such as a special standing deregulation committee or, better, an independent body to represent the public interest as against those of business associations. If the one opposition – the Lords – keeps the spotlight on ministers who may misuse their new deregulatory powers, the other unelected opposition – the media – will do the rest.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Curious lack of interest in European law

From Mr Bryan Cassidy MEP.

Sir, Two points on your excellent editorial on the need to cut back on the regulatory burdens of business ("First blood in the red tape war", January 20).

First, it is curious that there should be a furore in the UK over scrapping regulations without a full debate in Parliament. Many regulations implementing European Community directives were not debated in the house beforehand.

I have been monitoring the way in which statutory instruments made under the European Communities Act 1972 go through Parliament. The Public Services Contracts Regulations 1993 which came into force on January 13 1994 were made and laid on December 22 1993, as were the Utilities Supply and Works Contracts (Amendment) Regulations – both while Parliament was in recess. Both are concerned with the controversial public purchasing directives.

Second, your idea that there should be a "new select or standing committee for deregulation ... to scrutinise ministerial proposals in detail" has merit.

I would add that such a committee should also scrutinise proposals for *new* regulations, especially those which give effect to EC directives. That might help to avoid the over-implementation of things like the "six-pack" of EC health and safety directives about which the government is rightly concerned.

Bryan Cassidy,
European Parliament,
Strasbourg,
France

Credit where it's due for Clinton trade proposals

From Mr Harry L Freeman.

Sir, Your leader, "Mr Clinton's trade agenda" (January 14), criticises the US for remaining in the unilateral camp rather than the multilateral camp. It is true he has proposed that competition policy, trade-related environmental issues and workers' rights should be on the future agenda for world trade negotiations.

While you endorse the idea of competition policy for a future agenda, you make much of the point that neither workers' rights nor environmental issues are clearly desirable trade subjects. However, you do not mention that Mr Clinton's proposals are for the new World Trade Organisation agenda, which comes into being on July 1 1995. That group can sort out the issues for the agenda.

Mr Clinton ought be given credit for raising these subjects now for truly multilateral consideration. In the US we are patiently waiting for the European Union's ideas on subjects for future trade negotiations. The seven-year Uruguay Round, while successful, dealt primarily with issues from the 1970s and 1980s. It's catch-up time: we need to start addressing issues of the 1990s.

The leader also criticises the long-standing US policy of trying to pry open Japanese markets for all exporting countries, and suggests it be referred to the WTO. No mention is made of the US goal – opening markets for all exporters. Those efforts have gone on for years and a few years' delay so that it can be raised in the WTO is simply not on when Japan continues to run such a huge trade surplus against most of the rest of the world.

In discussing Mr Clinton's trade policy, no mention is made of his pledge to Caribbean and Latin American countries to enter negotiations to ensure those countries are not discriminated against by the North American Free Trade Agreement. Nor is mention made of the Clinton administration's commitment to negotiate a bilateral trade pact with Chile as a harbinger of future liberalisation in many countries of Latin America.

Harry L Freeman,
The Freeman Company,
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Maryland 20815,
US

Too harsh a view of life insurance industry

From Mr Lawrence Hawthorn.

Sir, You cannot imagine how disappointed we were to read the editorial, "An end to foot-dragging" (January 12), concerning the life insurance industry, and in particular the resignation of Jim Stretton from the Personal Investment Authority board.

To nail our colours to the mast, we are firm supporters of long standing of a single retail regulator. If the proposed constitution is too weighted towards public interest to achieve that objective, then greater practitioner involvement clearly is the answer.

The KPMG report to which you refer obliquely, does *not* disclose that sales were made of personal pensions without proper advice. It *only* indicates that there were shortfalls in file notes and therefore there was no evidence on the files that certain actions had been carried out. Not one client nor one adviser has been interviewed in the course of the KPMG report to establish if any actual bad advice has been given.

You mention that "undesirable – and far too widespread – selling practices have been revealed". Where? The life insurance industry delivers to its policy holders £3.4m in benefits every hour of every day (1992 ABI statistics). We have 10m policyholders and last year there were only 1,700 substantiated complaints handled by the ombudsman. The legal profession had 17,000 complaints and it is not taking the public berating that life insurance salespeople are taking.

The Financial Times is well respected for researching its topics and publishing the facts. I have to say in this instance that the Life Insurance Association wishes to register its disquiet at the way you seem to suggest that the industry has been tried and convicted and is only waiting for sentence by a regulator yet to emerge.

You might well look at the possibility that a complex commercial and regulatory situation is being exploited politically for ends we can only guess at.

Finally, there have been accusations of mis-selling based on high surrender values in recent years. However, a recent Times report interestingly revealed government statistics that showed 28 per cent of the population (15.7m) were unemployed over the two year period 1991-93.

I would ask you the question – is there a correlation between this statistic and the level of surrender values?

Lawrence Hawthorn,
president,
Life Insurance Association,
Citadel House,
Chorleywood,
Rickmansworth,
Hertfordshire WD3 5PF

No favourable treatment

From Mr Miles Young.

Sir, I do not wish to become involved in a public debate with the leader of Camden Council (Letters, January 17), but Richard Arthur's claim that the City of Westminster receives favourable treatment from the government must be refuted. Mr Arthur should consider instead the possibility that it is Westminster's efficient and business-like approach that sets our two boroughs apart.

Since April, government support has reflected the taxable base of each borough and, on that basis, Westminster's grant was less than that of most other London boroughs – less even than Camden's. Despite this, we announced a Band D tax of just £295 compared with £718 in Camden.

This reflected, among other things, Westminster's competitive tendering programme, which saves £10m a year, while also improving standards through enhanced contract specification. In addition, we have recently streamlined the centre of our organisation enabling us to concentrate more of our resources on front-line services.

These achievements, among many others like them, are the true "Westminster story".

Miles Young,
leader of the council,
City of Westminster,
Westminster City Hall,
64 Victoria Street,
London SW1E 6QP

Put freight on water

From Mr Ian Valder.

Sir, Your article "Rail freight wins £43m aid package" (January 19) announces increases in grants by the government to encourage companies to switch freight from road to rail.

Under the same scheme, grants are also available for developments that will enable freight traffic to be transferred from roads to the inland waterways.

Water transport is environmentally friendly and has the capacity to handle far more than is presently carried. Canal-borne freight currently keeps 200,000, 20-tonne lorry loads off Britain's roads every year and British Waterways, which runs the country's canals, is actively seeking opportunities to increase freight carrying on waterways.

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FINANCIAL TIMES

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Friday January 21 1994

Russia's new government

Russia's Prime Minister Viktor Chernomyrdin insists that the new government "will not retreat from the course of continuing and deepening reform". These remarks come under the heading of disinformation, which is what Mr Clinton embraced during his visit to Moscow last week. Coherent reform is not what the new government will provide. Nor will it supply coherent reaction. It offers the middle course of chaos.

The only reformist in a prominent position will be Anatoly Chubais, deputy prime minister in charge of privatisation. An isolated reformer in a government dominated by bosses from the military-industrial complex, he is unlikely to achieve much. Yegor Gaidar and Boris Fyodorov are both gone. Securely in place, however, are such old apparatchiks as first deputy prime minister, Oleg Soskovets, and central bank chairman, Viktor Gerashchenko, not to mention the prime minister.

These are far from the worst people available. They are not militant xenophobes, for example. But they lack any coherent programme. At best, they will manage decay. At worst, they will bring inflationary disaster. Mr Yeltsin may have dissolved the old parliament, but he has adopted its policies. Meanwhile, outright reactionaries wait in the wings.

The old Soviet Union based its system of governance on force and fraud. Deprived of force, the new government intends to fall back on fraud. Leaders of a country whose currency has lost 90 per cent of its value in the past year say that lower inflation is no priority. It is showing that intention by letting two men with reputations in the west, Mr Gaidar and Mr Fyodorov, depart. No wonder the rouble is plummeting on the foreign exchanges. Hyperinflation is looming.

Gangsters' fortunes

Hyperinflation is what Mr Zhirinovsky and his ilk must be praying for. Normal economic life, let alone the rapid expansion of socially efficient new business, would be impossible. Ordinary people on fixed incomes would starve. Traders, speculators and gangsters would make fortunes. The government would be driven to introduce comprehensive price controls. Queues would stretch around every block, and traders, gangsters, minorities, the government and the president would all bear the blame for the chaos.

Serious reformers have lost this battle and may have lost the war. Their only hope is to oppose, explaining to the Russian people why credit expansion will bring not the increases in output promised by Mr Gerashchenko, but the inflation they detest. Unfortunately, they have been sabotaged in this even by supposed western friends. It has been painful to hear Strobe Talbot and Albert Gore, for example, mouth ignorant criticisms of Russia's alleged shock therapy. Anyone who believes that Russia's economy suffers from that, rather than the opposite, knows nothing of events over the past eight years and little of experience elsewhere either.

Possible collapse

Now the west will have to tell the Russian president why it cannot support the programme on offer. It will have to work out its response to a possible collapse of Mr Yeltsin's power. Last but not least, the west must learn from its mistakes.

Maybe, though only maybe, there will be another chance. The west must then have in place an organisation with the skills and the money needed to engage seriously with a reforming government. The purpose of the money would, above all, be to finance the budget without reliance on the printing press.

Some in the west will respond that the money is either unavailable or would make no difference. Both replies are silly. The sums required are a small fraction of the hundreds of billions of dollars spent every year, for decades, on defence against the former Soviet Union. Money would also have shown the Russian people that the west does care, that it backs the reformers in deed, as well as words, and that it wants to alleviate their arduous transition.

The failure of western leaders to engage seriously with Russian reformers on the grounds that it would either be too costly or too difficult was a mistake that may prove a tragedy. Penny wise, but pound foolish, leaders of the west may have committed a mistake comparable to the Versailles treaty.

Troops out, weapons in

Mr Douglas Hurd, the British foreign secretary, visits Bosnia today to see for himself the situation of British troops serving there with the UN protection force (Unprofor). Although officials insist that no decision has yet been taken, it is no secret that both Britain and France are seriously considering a withdrawal of their contingents in the spring, if by then there is still no political solution in sight.

The collapse of the three-party peace talks in Geneva on Wednesday night makes it even less likely than before that any political solution will emerge from the present military stalemate. The Bosnian government, now resigned to the effective partition of the country, is determined to fight on rather than accept a territorial settlement which it rightly regards as not only unjust but unworkable, and which it has every reason to believe the Serbs would not honour even if they signed it.

The Bosnian Serb leaders, for their part, are happy to fight on rather than give back the territory the government is demanding, which consists of areas where there was a Moslem majority before the war. And the Croats, knowing that any Moslem territorial gains are likely to be at their expense, have now effectively switched sides.

Unable to end the war and unwilling to fight it, Britain and France are rightly reluctant to keep their soldiers sitting indefinitely in the middle of it. Indeed, there can be no justification for prolonging the danger and humiliations to which the UN troops are constantly exposed. Although they have undoubtedly saved many individual lives, they are unable to carry out the mandate given them by the Security Council, and as a result they have incurred the anger of the victims as well as the aggressors.

Achieving little

The force was sent in to ensure the delivery of relief supplies to beleaguered civilian populations. The logic of deploying armed men for this purpose was that without the use of force the supplies would not get through. Since in practice force is not being used, the troops are achieving little that unarmed relief workers could not.

But if they are to leave, their departure must not mean that the world is finally abandoning Bosnia to its fate. The message to the Bosnians must *not* be, "you are all equally impossible, and we are leaving you to fight it out". On the contrary, the reason for pulling Unprofor out should be that it symbolises a neutrality which is at odds with all official pronouncements on the conflict, and indeed with many other acts of the UN, including notably the economic sanctions against Serbia.

Beyond recall

The presence of UN forces has frequently been used as an argument against giving effective military assistance to the Bosnian government, since it has been argued that to do so would endanger the lives of UN troops. Once the troops are out, that argument will have to be dropped. Their removal should be accompanied by a clear statement to the effect that the Serbs and Croats are held responsible for the lack of a peace settlement, and that from now on the western powers are determined to help the Bosnian government, not alas to restore the integrity of pre-war multiracial Bosnia, which is shattered beyond recall, but to gain control of sufficient territory to build a viable Moslem state, either by reconquest or by achieving a stronger negotiating position.

Western powers are clearly unwilling to engage their own ground forces in this combat. But they can, if they so choose, ensure that the Bosnian government forces are far better equipped for it than they now are, and they can provide them with devastating support from the air. If they showed willingness to do so they would acquire much greater leverage over the parties. The Bosnian government would have a strong incentive to avoid atrocities which might alienate western public opinion, and to listen to western advice in future negotiations. The Croats would have a strong incentive to return to their alliance with the government, in order to avoid being treated as enemies rather than as allies by the west. And the Serbs would have much more compelling reasons than at present to seek an end to the war through a genuine compromise.

Tony Jackson and **John Ridding** unravel the complex deal between Guinness and LVMH

Heady cocktail with lots of fizz

When yesterday's deal was announced between the UK drinks giant Guinness and LVMH of France, the world's biggest luxury goods company, Guinness shares jumped 11 per cent and LVMH's fell 3.4 per cent. The deal, which involves sweeping changes in the cross-holdings between the two companies, is of authentically Gallic complexity. Peering through the fog, however, the markets evidently reckon Guinness has the best of it.

It seems hard not to agree. For the past five years, the two companies have had matching holdings in each other, amounting latterly to 24 per cent apiece. At the outset, this was thought necessary to safeguard the network of joint ventures in wines and spirits the two were building around the globe. Latterly, the arrangement has become a distinct headache, for Guinness in particular.

The trouble is that LVMH falls into two distinct halves: the Moët-Hennessy drinks business, which owns a distinguished clutch of champagnes and cognacs, and the luxury goods side consisting of upmarket luggage and perfume. It never made sense for Guinness – a pure drinks company – to tie up cash as a passive shareholder in such a sprawling entity, save out of necessity.

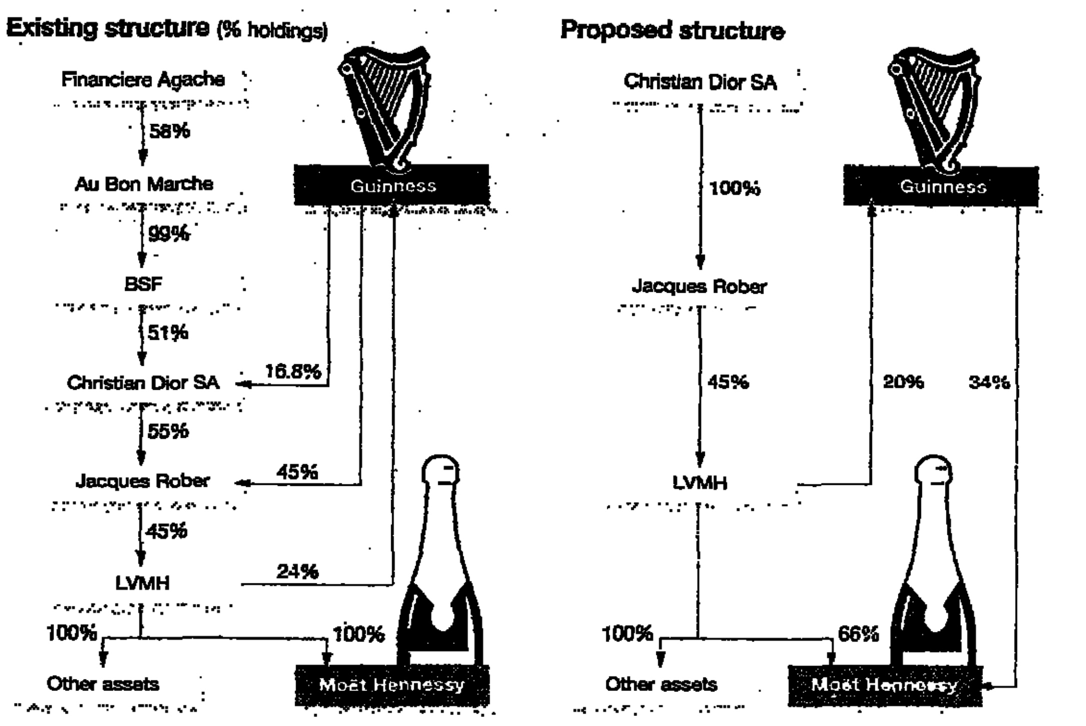
In addition, LVMH's boss, Mr Bernard Arnault, has shown signs lately of being more interested in luxury goods than drinks, and indeed of branching out into other areas such as newspapers. As a result, Guinness chairman Mr Tony Greener conceded yesterday, Guinness shareholders have been getting restive.

"It was clear that the existing arrangement did not make sense to Guinness shareholders," he said. "Guinness and LVMH are quite separate companies, with different strategic agendas. I'm not in any way denigrating perfume and luggage. They're wonderful businesses. They just don't happen to fit our long-term agenda."

Guinness is therefore swapping its 24 per cent stake in the whole of LVMH for 34 per cent of Moët Hennessy, plus £416m in cash. This has several distinct advantages. Under French law, any holding above 33.3 per cent carries certain blocking rights. Guinness will have the right of first refusal to buy LVMH's main drinks brands, such as Moët & Chandon champagne and Hennessy cognac. It will also have two directors on the Moët Hennessy board.

The present arrangement is such an improvement that one wonders what was the point of the old one. Mr Greener – who took over as chairman at the start of last year – was at pains yesterday to justify the strategy of his predecessor, Sir Anthony Tennant.

Guinness and LVMH: pure genius ?



Five years ago, LVMH was the product of recent merger between Moët Hennessy and the Louis Vuitton luggage business. Mr Arnault had yet to appear on the scene, and the bosses of the two halves, Mr Alain Chevalier and Mr Henri Recamier, were at each other's throats. Guinness had already formed important joint ventures in drinks with LVMH, and the instability of the situation was plainly alarming.

"Anthony Tennant did the deal which was doable and on the table," Mr Greener said yesterday. "In 1988-89, there was a real danger that LVMH would be broken up. There was a clear possibility that M Recamier would take the luggage side and sell off the wines and spirits. Who knows who might have ended up with them? It might very well have been one of our major competitors. That would have destroyed our joint ventures."

In addition, for Guinness to emerge suddenly as part-owner of brands as famous as quintessentially French as Veuve Cliquot champagne or Hine cognac might have been a shock to Gallic sensibilities. One of the Guinness advisers said yesterday: "I don't know if it's appreciated in London that the ability of a British company to get a direct holding in French brands of this quality is very rare."

Now, by contrast, Guinness has its money in precisely the bits of LVMH which suit it, and is locked into its all-important joint ventures still more tightly than before. At the same time, it collects £416m in cash, reducing its net debt from £1.8bn to £1.4bn and its balance sheet gearing – the ratio of debt to shareholders' funds – from a slightly demanding 47 per cent to 37 per cent.

Whatever Guinness proposes to do with the money, it will not raise its stake in Moët Hennessy further. Mr Greener said: "We are not trying to achieve control of Moët Hennessy. It is a French company, with family origins and ongoing family ties, and better suited to being run by its existing management."

Given Moët Hennessy's recent recession-battered profits record, Guinness shareholders might be relieved to hear it. But Mr Greener was sanguine yesterday on that point as well. "We are switching into Moët Hennessy at an interesting point in the economic cycle worldwide, with the potential of a recovery in cognac sales in Japan and the champagne cycle turning positive."

Across the Channel, the picture is much more complex and a good deal less cheerful. As the accompanying diagram shows, Mr Arnault's empire has a typically French "cascade" structure. In essence, yesterday's deal proposes that LVMH itself will receive a cash injection of some £1.3bn, while the parts of the empire further up the cascade will foot the bill.

This works as follows. Guinness owns not LVMH equity, but shares in companies further up: Jacques Rober (a holding company formed for the purpose of the original deal) and the publicly quoted Christian Dior. These shares will be sold by Guinness for £1,323m to different parts of the Arnault empire, but not to LVMH itself.

At the same time, Guinness pays LVMH £902m for its stake in Moët Hennessy. Also, at some time between now and next summer LVMH has undertaken to sell at least 4 per cent of its Guinness holding, which at yesterday's price would fetch about £400m more. Thus, LVMH ends up with a massive reduction in net debt – from an estimated FFr15bn to FFr4bn, according to industry observers.

The money will also come in handy for expanding LVMH's activities in luxury goods, which already include perfume brands such as Givenchy, Louis Vuitton luggage and the various champagne and cognac brands. "There will be opportunities in areas like cosmetics, fashion, luxury goods outlets or leatherware," Mr Arnault said.

But Mr Arnault played down further expansion in the depressed newspaper industry. The acquisition last year of the business dailies La Tribune and L'Agefi had been made for "a modest sum" and "had brought good results", said Mr Arnault. A substantial acquisition in the sector, however, such as Le Figaro, owned by Mr Robert Hersant, did not appear to be on the agenda.

More certain is the boost that yesterday's deals give Mr Arnault in strengthening his grip on his complex web of companies. "Guinness's departure from Jacques Rober means that it is removed as a significant counterweight at the holding company level," said Mr Piers Butler at Smith New Court, the broker.

Unsurprisingly, Mr Arnault's shareholders are unhappy. The LVMH share price initially fell some 7 per cent yesterday. It then recovered half that, doubtless because of Mr Arnault's earnest assurances that he is not turning into a press baron, plus the fact that, after all, it is LVMH that gets the cash.

The real loser is Christian Dior, which will pay out FFR 8.65bn (£980m) to buy the bulk of the Guinness stake in Jacques Rober. It seems quite likely that Dior will have to ask its shareholders for cash to finance this. Dior's share price fell 7.7 per cent yesterday.

Au Bon Marché, which will buy the 16.8 per cent in Dior held by guinness, will pay FFr1.7bn (£190m), to be financed by debt. Finally, SEPB, Mr Arnault's non-quoted family company, will buy the remaining 6.65 per cent in Jacques Rober held by Guinness for FFr1.5bn. This all adds up up to a shifting of debt around the group, a filling of LVMH's war chest, possible share dilution and bad news for Dior shareholders.

Or so it seems at present. But these are early days in a complex game of chess. As one London drinks analyst mused yesterday: "Before today, you would have said LVMH held all the cards. So what are we missing?"

A successful blend

Philip Rawstorne on the benefits of the joint ventures

Guinness's joint ventures with LVMH – now established in 13 countries– have played a significant role in the rise of the two companies to leading positions in the international drinks market.

Their success rests on two essentials: a strong portfolio of brands, especially Scotch whisky and cognac, and an efficient and extensive distribution network.

When Guinness took over drinks group Distillers Company in 1986, it acquired a portfolio that included Johnnie Walker, the world's best-selling Scotch, and Gordon's, the leading international gin.

It also acquired a fragmented international distribution system. Only a quarter of the network was directly owned; the rest was in the hands of more than 1,300 agents.

The task facing Sir Anthony Tennant, then the newly-appointed chief executive (now retired), was to broaden the brands portfolio to bring in other categories of drinks, to improve control of distribution – and to do it quickly if Guinness was to compete with other international drinks groups.

An alliance with LVMH offered a ready solution, and one that had obvious benefits for the French company as well as for Guinness.

LVMH owned the world's number one cognac, Hennessy, and leading champagne brands, Moët Chandon and Veuve Clicquot; and it had a strong distribution network, particularly in the Far East.

The combination of the Guinness and LVMH brands created a more marketable portfolio of drinks and improved the two groups' competitive position at a stroke.

Mr Tony Greener, the Guinness chairman and chief executive whom Sir Anthony originally brought from luxury goods group Dunhill in 1987 to manage the spirits business, said: "Joint ventures are a commonsense way of going forward. From a commercial point of view, they are very good value. With carefully-chosen partners, you can achieve all the synergistic benefits that you get from a takeover without the high costs."

Guinness has since gone on to strengthen its hand through joint ventures with other drinks companies – Boutari in Greece and Bundaberg in Australia – and takeovers, such as Asbach in Germany and Pampero in Venezuela.

But the alliance with LVMH has been gradually built up over the past seven years. It now comprises 17 joint ventures and is the dominant Guinness trading relationship, contributing 25 per cent of the £769m profits of United Distillers, its spirits business, in 1992.

"With Moët Hennessy," Mr Greener said, "we share a belief in the importance of brands and brand development. That underpins everything we are doing."

The Scotch whisky and cognac portfolio has proved especially appealing to consumers in Japan and Hong Kong, and in the developing markets of Malaysia, Taiwan and Thailand. Late last year, a joint venture was established in China, where international sales currently account for only 1.4 per cent of the spirits market. "China could be a 20m-case annual market for premium imported spirits by the next century," Mr Greener said.

The alliance is about to set up a joint operation in Korea, another potentially significant market, and is exploring possible moves into other parts of the world.

Yesterday's agreement focuses the partnership more closely on the future development of their international drinks businesses.

Mr Greener, assured by the deal that he can prevent the Moët Hennessy brands ever falling into a competitor's hands, said: "We can contribute our help, support and experience to their strategy and management, as partners with common interests and common goals to build their brands and expand their business." With many world markets hit by recession, the two companies have to seize whatever advantages they can find.

Tony Greener: a belief in brands

OBSERVER

Prod, poll and perch

■ Chris Patten enjoyed his return to the parliamentary bosom yesterday. But the governor of Hong Kong must have been dismayed by the lack of enthusiasm from former colleagues for his "let's negotiate" approach to China – which has resulted in impasse.

On past performance the committee ought to have castigated him for not going far enough in speeding democracy. Instead, he was asked why defiance was better than settlement with Beijing on the best terms possible. What would he do if Hong Kong legislators threw out his democracy proposals? Did he really have support from the people?

On this point the man who, as Conservative party chairman, "won" the last election but lost his own seat, was able to exchange knowing smiles about the value of opinion polls. As Tory committee member David Sumberg, elected with a majority of 788, noted, if opinion polls had been correct neither of them would yesterday have been sitting where they were.

Trotting along

■ Full marks to the trade mags for alerting the stock market to the chat going on between advertising agencies Gold Greenlees Trott and Young & Rubicam. Fewer marks for suggesting that Y&R might gobble up the smaller agency. It's much more likely to be GGT swallowing Y&R's London outpost.

Y&R, the world's biggest privately-owned advertising agency, has been having a bad time recently. Its London office has seen chief executives come and go – five in the last decade. The latest defections – of managing director Tim Lindsay and chief executive Jerry Judge to Lowe Howard-Spink just before Christmas – has brought matters to a head.

Of course, it would be a terrible loss of face if Y&R were to be gobbled up by GGT and it's still 50-50 whether a deal is struck. If it is, look forward to yet another impossible advertising acronym: GGT-YR.

Boxing clever

■ Mark Goryachev, a St Petersburg deputy whose main claim to fame hitherto had been for punching Vladimir Zhirinovsky in a canteen brawl, is planning a second, more sophisticated, assault.

One of Russia's new entrepreneurs and true liberals, Goryachev is setting up a rival Liberal Democratic Party that might be more worthy of the LDP handle.

The neo-fascist party's disaffected regional workers are apparently a soft target not because of the impracticability of delivering on December's fantastic electoral promises – a husband for every single woman, accommodation for the homeless, etc – but because their leader has failed to dole out the expected ministerial posts and other sundry benefits.

'My mobile phone went off during Romeo and Juliet'

Humpty Dumpty

■ Jacques Attali, late of the European Bank for Reconstruction and Development, has resurfaced in print hitting back at what he calls the "man hunt" that led to his resignation last spring.

Buried in a book confusingly entitled *Europe(s)* lurks a most promising sentence: "Without doubt, I committed errors". Far from fresh insights into the Fall of Attali, the author continues: "I know them [the errors] better than anyone and will not dwell on them."

Ageing well

■ One award not mooted at yesterday's annual awards ceremony of The Oldie magazine was one for the "oldest proposed book yet to appear in print". One candidate – alongside Sir Edward Heath whose memoirs are in danger of being scooped by the public record office publishing under the 30 year rule – would be Oldie founding editor Richard Ingrams himself. He has just handed over the editorship to ex-Observer editor Donald Trelford so that he can try yet again to complete his long-awaited biography of one-time Punch editor Malcolm Muggeridge. Don't hold your breath.

Portuguese plot

■ Anibal Cavaco Silva, the crisp economist turned Portuguese prime minister, grudgingly opened a new school of journalism this week. "I only read newspapers for five minutes in the morning and five minutes in the afternoon. Ninety-five per cent of what is written about me is untrue."

Portugal's National Union of Journalists says it's thinking of suing him for defamation. "What would Cavaco Silva do if a newspaper printed a headline proclaiming that 95 per cent of what he said was untrue?" asked Antonio Matos, the union's president.

Cavaco Silva does not lack confidence; his most famous saying is "I never have any doubts and only rarely make mistakes." He's not happy with that quote either. "It has been printed a hundred times. But I never said it," he says – allegedly.

Bulls rush in

■ Don't believe those stories about Sunday Times editor Andrew Neil taking his eye off the ball. Although he has been doing his job for more than a decade he remains very much a hands-on operator judging by a remark he made at a conference on information highways yesterday.

Neil says he reads the proofs of his paper's weekly astrology column and changes the predictions for people born under Gemini, his sign, if he doesn't like the look of them. "All Geminis are assured of a good future in the Sunday Times," joked Neil yesterday.

This would be quite amusing except for the fact that Neil was born on May 21 – thus making him a Taurus, according to some astrological tables. Surely he doesn't tamper with everybody's stars?

FINANCIAL TIMES
Friday January 21 1994

UK backs Owen as Euro MPs call for mediator's removal

By David Gardner in Strasbourg and Kevin Brown and Robert Mauthner in London

The British government yesterday sprang to the defence of Lord Owen, the European Union's mediator for former Yugoslavia, after the European *Parliament passed an embarrassing* vote of no confidence in the former UK foreign secretary.

Mr John Major, the British prime minister – who was said to be angered by the vote, passed in Strasbourg by a narrow majority of 106 to 95 – issued a statement declaring full support for Lord Owen.

"David Owen has not spared himself in the search for a peaceful settlement in Bosnia. He has worked unremittingly and courageously to try to help bring this about and he *enjoys the full support* of the British government," Mr Major said.

The position of the European Union's peace mediator is not directly threatened by the MEPs' vote, since he was unanimously appointed by member governments. But there is little doubt *his credibility has taken a knock.*

British Conservative and Labour MEPs failed in a rare show of unity to defeat the resolution calling for Lord Owen's removal as the EU's representative at the Bosnian peace talks and his replacement by another mediator "endowed with an appropriate mandate and a new strategy for exercising it".

MEPs appeared determined to express their dissatisfaction at Lord Owen's failure to find a breakthrough in the Geneva *talks,* which *once again broke* down on Wednesday, after nearly two years of inter-ethnic conflict in Bosnia-Hercegovina.

Mr Alain Juppé, French foreign minister, yesterday said he was launching urgent contacts with France's European partners, the US and Russia to review the situ*ation after the failure of the war*ring factions to agree to divide of Bosnia among its Serb, Moslem and Croatian populations.

The French foreign ministry spokesman said withdrawing the United Nations Protection Force (Unprofor) at the end of the winter was one possible option, which is also being considered by the UK government. Mr Douglas Hurd, the foreign secretary, is due to visit British forces in Bosnia today to explore the choices facing the government, including *a pull-out after the spring.*

But officials in several western capitals warned that a withdrawal of UN troops entailed enormous risks. It would almost certainly lead to bloodier fighting between the various factions in Bosnia and could trigger a wider conflagration in the Balkans. It was also arguable whether it would make the delivery of international aid to the civilian population easier or more difficult.

General Bertrand de Lapresle, commander of France's rapid reaction force, is being tipped as the most likely successor to General Jean Cot as the head of Unprofor. Gen Cot ran foul of UN secretary-general Mr Boutros Boutros-Ghali for criticising his refusal to authorise air strikes.

Waltz of generals, Page 2

Republican to head probe of Clinton's financial affairs

By George Graham in Washington

Ms Janet Reno, the US attorney-general, named a Republican lawyer yesterday to head an investigation into President Bill *Clinton's financial dealings in* Arkansas.

Mr Robert Fiske, a senior partner in the New York firm of Davis Polk & Wardwell, will examine Mr Clinton's investment in an Arkansas property venture called Whitewater Development, and his links to Madison Guar*anty, a failed savings and loan* institution.

No direct allegations of wrongdoing have been made against Mr or Mrs Clinton, but the perception of unanswered questions lingers on.

Mr Clinton last week bowed to a chorus of Republican complaints and asked for the appointment of a special counsel.

Among the areas Mr Fiske will examine is the possible diversion of depositors' funds from Madison Guaranty to Whitewater, or to Mr Clinton's campaign fund *for his 1984 election as governor* of Arkansas.

Mr Fiske said yesterday that he would also examine any links between Whitewater and the perplexing suicide last year of Mr Vincent Foster, a senior White House lawyer and old friend of the Clintons who was handling *the affair for them.*

Mr Fiske was appointed chief federal prosecutor for Manhattan by Republican president Gerald Ford in 1976, but continued to serve under Democratic president Jimmy Carter.

He was asked to be deputy attorney-general by President George Bush, but withdrew after he was attacked by rightwingers in the Senate who claimed that, as chairman of an American Bar Association committee screening potential judicial nominees, he had helped to undermine some of *President Ronald Reagan's more* conservative choices for the federal bench.

Whitewater appears to arouse much less interest in the US at large than it does in Washington circles.

But in a New York Times poll published yesterday, 59 per cent *of those questioned on the affair* said that they thought Mr Clinton was hiding something, even if he was mostly telling the truth.

More than two-thirds said they did not know enough to say whether he or Mrs Clinton did something wrong.

US freeze kills 96

Continued from Page 1

enough in winter to experience the sort of rainstorm that hit the capital this week, freezing into an inch-deep ice layer.

New Yorkers trudged stoically to work yesterday with few disruptions, while North Dakotans *continued to jog despite temperatures* as low as minus 32°C.

But in Washington everything closed as the city declared its first ever emergency.

Mayor Kelly said: "We wouldn't do it unless we were deeply concerned about the ability of these power companies to *provide power in the middle of* this frigid weather."

Non-essential businesses faced fines of up to $1,000 if they opened.

Drivers faced a half-hour struggle to get their cars dug out. Those who favoured public transport had to gamble with *unpredictable buses and treach*erous pavements.

Forecasters expect warmer weather, but the east coast could wait days or weeks before temperatures rise above freezing.

Japanese coalition urges MPs to back it on reform vote

By William Dawkins in Tokyo

Japan's coalition government urged dissident members yesterday to close ranks to improve its finely balanced chances of winning a parliamentary vote today on plans to overhaul the political *and electoral system.*

The vote, in the upper chamber, is the climax of a five-year national debate on how to purge corruption from politics and create a more widely representative parliament.

Mr Morihiro Hosokawa has staked his survival as prime minister on the outcome, which depends on an unpredictable handful of votes. His seven-party coalition has a five-seat majority in the upper house, but 10 to 12 defections are expected from both sides of the chamber. Japan's previous two prime ministers fell because of failure to achieve reform.

Both the coalition and the opposition Liberal Democratic party have found it increasingly *hard to enforce party discipline* as the final vote has drawn closer.

The splits are deep, because the proposed electoral system threatens to deprive many members of parliament of a seat after the next general election. Polls indicate that most of the casualties would come from Japan's two main traditional parties, the LDP and the Social Democratic party, the coalition's biggest partner.

A parliamentary showdown – a departure from the normal way of making important decisions by consensus behind the scenes – became inevitable after the failure of compromise talks on Wednesday night between the coalition and the LDP.

That prompted the coalition to *return to the offensive yesterday* morning and force a vote on the four reform bills in the upper house's political reform committee, the final step before going to the full house for approval.

It won the committee vote narrowly, by 18 votes to 16, helped by the defection of LDP member Mr Tomoichi Hoshino to the government's side. Mr Hoshino's decision to join the growing queue of LDP defections took his party officials by surprise.

Russia

Continued from Page 1

office felt confident enough to announce he was staying on.

Mr Anatoly Chubais, the only senior radical reformer left in the government, reiterated charges *Mr Gerashchenko was diametri*cally opposed to the reform course pursued so far. Mr Fyodorov said the central bank chief was the top opponent of policies which sought to fight inflation by restricting the growth of money supply and budget expenditure.

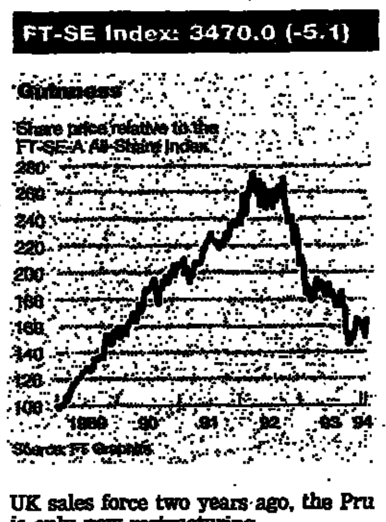
Mr Alexander Shokhin, who took the job as economics minister, said the government would try to "cling to a narrow corridor between hyperinflation and a stop in industrial production".

THE LEX COLUMN

Guinness sheds its baggage

The elegance of the new cross shareholdings between Guinness and LVMH *neatly underlines the short*comings of the previous structure. By exchanging its indirect 24 per cent holding in LVMH for a direct 34 per cent stake in the Moët Hennessy drinks operation, Guinness swaps an illiquid investment for a tighter grip on the part of a business which interests it. That helps secure the Guinness-MH joint ventures, which are central to the company's Far Eastern ambitions. Guinness's pre-emption rights on MH shares will also stand it in good stead if Mr Bernard Arnault, who controls *LVMH, loses interest in* drinks. Meanwhile, the £416m of cash which Guinness will receive usefully cuts the high capital commitment to the cross shareholding and reduces its £1.8bn debt.

FT-SE Index: 3470.0 (-5.1)



Source: FT Graphite

Part of the cost of these advantages comes in a 4 per cent dilution in Guinness' earnings. That may dampen enthusiasm, especially given the company's wary view of the year ahead. But it looks a small price for disengagement from Mr Arnault's wider ambitions. Given that LVMH held the upper hand in the relationship before the changes, one must also look to Mr Arnault's motives in agreeing to a deal which suits Guinness quite so well. *The cash now lodged in LVMH* may be the key, and a large acquisition may not be far away.

Whether Guinness has made the right long term decision turns on the relative prospects for upmarket drinks against luxury branded goods and whatever other ideas Mr Arnault has. In the near term at least, the drinks *market will remain sober. The argu*ments for upmarket booze brands cascading through developing countries also do not look as compelling as they did in the gung-ho 1980s. But that portfolio may well be a more secure franchise than the world of fancy luggage and media ambition.

Life insurance

Yesterday's disappointing sales figures from the Prudential are a downbeat end to the season of new business announcements. Yet gloom has not been spread evenly across the sector. Legal & General announced a healthy rise in new business on Wednesday, *continuing its recovery from the dark* days of the early 1990s. Black Horse, the *bancassurance* arm of Lloyd's Abbey Life, also fared well. This contrast in fortunes is partly a question of timing. While L&G was weeding its UK sales force two years ago, the Pru is only now restructuring.

The slide in sales at Jackson National, the *Prudential's US subsid*iary, is less easily explained away. If Jackson has been slow to match inducements offered to savers by its rivals, the revamped products promised yesterday might reverse the downward trend. But since low interest rates make Jackson's bond-based annuities look less attractive, a more *radical overhaul of the product range* may be required.

Savers in the UK will remain reluctant to enter into annual premium contracts while recession lingers. The mis-selling of personal pensions uncovered last year is likely to make them wary in this area too. Full disclosure of commissions from next year *will make the true costs of buying life* assurance clear. Having underperformed the market by 15 per cent since commission disclosure was announced last summer, the sector has everything to prove.

Kingfisher

The creed of everyday low pricing has been preached at length by Sir Geoff Mulcahy, Kingfisher's chairman, over the past couple of years. Yet judging by the company's Christmas trading performance, that particular road to salvation is narrow and rocky. Marks and Spencer is clearly making a success of cutting margins to gain *market share and increase overall* profits. Kingfisher is making heavier weather of the exercise.

Those companies which have applied the formula in the US have not just relied on price. They usually have a very strong market position, a reputation for service, modern retail information systems networks and high-tech distribution networks. M&S fits this bill nicely, but Kingfisher's chains lag in several important respects. In B&Q, there are some signs that everyday low pricing is working. But Comet struggles behind Dixons and arguably the service element is lacking in both chains. Boots dominates Superdrug's market to the extent that it is well placed to turn the screw of lower margins against Superdrug. Woolworth is only now getting the electronic point-of-sale equipment it needs.

In part, that may be a *matter of* timing, since Kingfisher has hired Mr Alan Smith from *M&S* to provide many of these skills. Kingfisher equally argues that it has to start somewhere. Shareholders may find, however, that the profits of the strategy are still some way off.

Spring Ram

Cynics who believe shareholder activism involves much sound and fury but little purposeful action should take a look at Spring Ram Corporation. Those shareholders, led by the Prudential, which butted out the tottering buildings material compa*ny's previous management must cer*tainly be gratified by its return to respectability. The new management has done a good job in rationalising 3m sq ft of manufacturing space and imposing stricter financial controls. Yesterday's £42m rights issue will further aid the revival, plugging the holes created by its £37m annual loss *and providing the flexibility for expan*sion. The promise of bolt-on acquisitions certainly strikes a confident tone so early in the recovery programme.

The market's reaction in pushing the shares up 13 per cent highlights the hunger for recovery stocks, particularly in the favoured building materials sector. But it takes an enormous amount on trust. Cautious shareholders would have preferred to read the fine print of the annual accounts before investing fresh funds. Putting the spring back into the company could also prove a trickier task than the market seems to expect. Kitchen sales are doing well but there remain *big dents in the baths business. Some nasty surprises could also emerge at* Regency Doors, still suffering from its "appalling inheritance". At least Spring Ram now has a stronger balance sheet against which to write off the business should the worst occur.

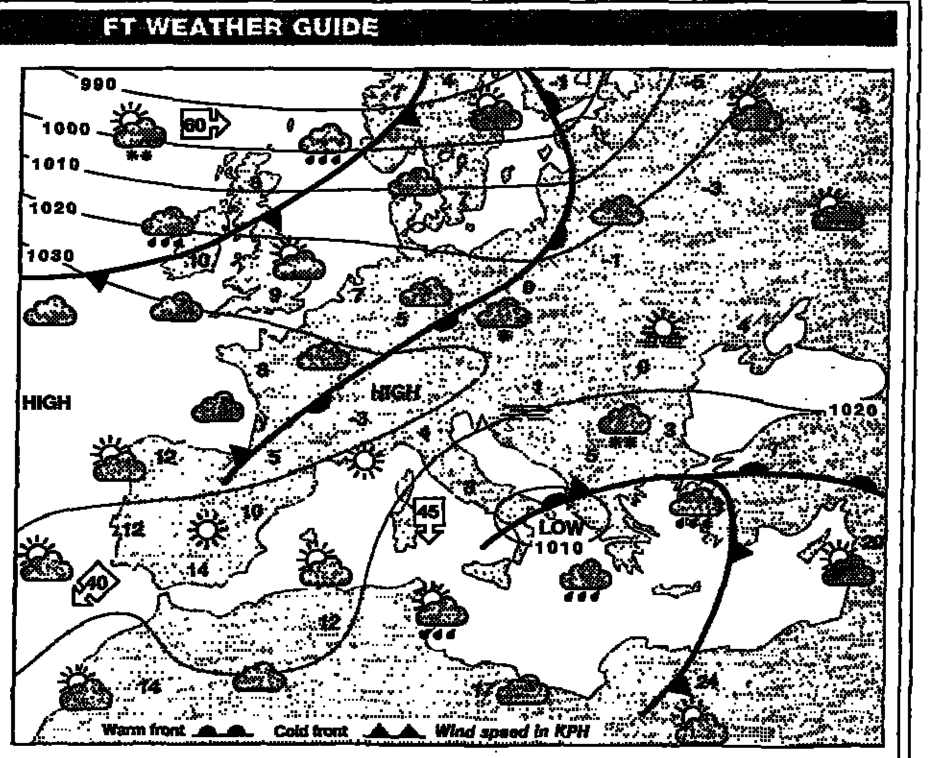
FT WEATHER GUIDE

Europe today

Low pressure over the Arctic Ocean will draw milder air towards the west. Scandinavia will be cloudy with outbreaks of rain, especially *along the Norwegian coast. However, there* will be snow in Lapland and northern Finland where temperatures will remain below freezing. The Benelux and north-west France will be cloudy but dry. High pressure over France and the Alps will keep eastern France, southern Germany, the Alps and the northern Balkans cold with fog patches. Sunshine will be plentiful near the south coast of France and in the southern Alps. It will be changeable in southern Italy, the southern Balkans, Greece and north-western Turkey where heavy rain will occur with thunder showers and mountain snow.

Five-day forecast

The North Sea area will be changeable with plenty of wind and rain, especially on Sunday. Scandinavia will be unsettled with wintry showers and periods of strong winds. South-western and central Europe will have tranquil and milder conditions. Low pressure over northern Africa will influence southern Italy with rain and thunder showers on Monday.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

		Maximum Celsius
Abu Dhabi	sun	23
Accra	fair	32
Algiers	fair	13
Amsterdam	fair	8
Athens	cloudy	16
B. Aires	fair	26
B.ham	cloudy	9
Bangkok	fair	34
Barcelona	fair	11
Beijing	fair	1
Belfast	rain	9
Belgrade	snow	-2
Berlin	cloudy	5
Bermuda	shower	19
Bogota	cloudy	20
Bombay	fair	30
Brussels	fair	6
Budapest	fog	4
C.hagen	cloudy	7
Cairo	fair	22
Cape Town	fair	28
Caracas	cloudy	27
Cardiff	rain	9
Chicago	cloudy	-3
Cologne	cloudy	5
D' Salaam	shower	32
Dakar	hazy	25
Dallas	fair	9
Delhi	sun	21
Dubai	sun	24
Dublin	cloudy	10
Dubrovnik	rain	12
Edinburgh	rain	10
Faro	sun	14
Frankfurt	fair	0
Geneva	hazy	-4
Gibraltar	fair	13
Glasgow	rain	10
Hamburg	cloudy	7
Helsinki	sleet	3
Hong Kong	fair	16
Honolulu	cloudy	25
Istanbul	shower	7
Jersey	fair	9
Karachi	sun	25
Kuwait	sun	19
L. Angeles	shower	19
Las Palmas	fair	18
Lima	fair	27
Lisbon	fair	11
London	cloudy	9
Lux.bourg	cloudy	1
Lyon	fog	-4
Madeira	shower	17
Madrid	fair	8
Majorca	fair	13
Malta	cloudy	15
Manchester	rain	9
Manila	shower	29
Melbourne	fair	20
Mexico City	fair	19
Miami	fair	22
Milan	fair	5
Montreal	cloudy	-12
Moscow	cloudy	-5
Munich	fair	2
Nairobi	fair	26
Naples	shower	12
Nassau	fair	24
New York	sun	-6
Nice	fair	11
Nicosia	fair	20
Oslo	cloudy	7
Paris	cloudy	6
Perth	thund	32
Prague	fair	2
Rangoon	fair	33
Reykjavik	snow	-2
Rio	shower	28
Riyadh	sun	20
Rome	fair	13
S. Frsco	rain	16
Seoul	fair	-2
Singapore	cloudy	31
Stockholm	fair	7
Strasbourg	fair	-3
Sydney	shower	25
Tangier	fair	14
Tel Aviv	fair	21
Tokyo	fair	7
Toronto	snow	-8
Tunis	cloudy	15
Vancouver	rain	9
Venice	fair	7
Vienna	hazy	4
Warsaw	cloudy	0
Washington	sun	-3
Wellington	fair	21
Winnipeg	snow	-11
Zurich	hazy	-4

FINANCIAL TIMES
COMPANIES & MARKETS
Friday January 21 1994

IN BRIEF

Bristol-Myers held back by charge

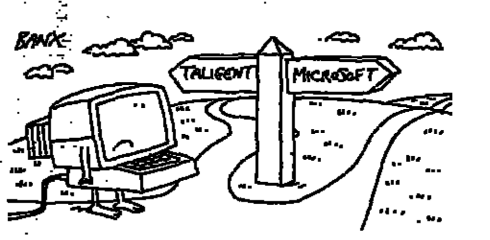
Bristol-Myers Squibb, the US drugs group, has taken a $500m pre-tax charge which cut into fourth-quarter earnings to cover a possible settlement of breast implant claims. Page 17

Threat from Petrogal shareholders
Private shareholders who own 25 per cent of Petrogal, Portugal's partially privatised oil company and largest commercial enterprise, may withdraw from the company because of difficulties in meeting a commitment to purchase a further 26 per cent of the equity. Page 16

General Electric 10% ahead
General Electric, the US conglomerate, yesterday reported a 10 per cent increase in fourth-quarter earnings and a 22 per cent rise in profits from its ongoing operations. Page 17

Monsanto matches expectations
Monsanto, the US chemicals group, matched market expectations with steady year-on-year earnings growth in the final quarter as cost-cutting took effect and sales edged ahead. Page 17

Computing crossroads



The recent announcement that Hewlett-Packard, now the most profitable computer manufacturer in the US, is taking a 15 per cent stake in Taligent, a joint venture between International Business Machines and Apple Computer, gave a new credibility to a partnership seen as much as a move to counter Microsoft's domination of computer operating systems as an attempt to push back the frontiers of computing. Page 18

Gestetner falls into loss
Gestetner Holdings, the UK office and photographic equipment distributor, incurred a pre-tax loss of £33.2m ($49.7m) in the year to October 31, compared with profits of £27.1m last time. The group said its margins were under pressure and its main European markets continued to suffer from recession. Page 20

Gateway prefers Somerfield
The Gateway name is to disappear from the UK's high streets, after the food retailing group announced it was changing the name of its stores and the group to Somerfield. Shares in Kingfisher, the retailing group, fell 37p to 676p after the company warned that trading conditions were still "patchy". Page 20

Carlton Communications
Carlton Communications' return on capital employed, in yesterday's survey of Europe's Top 500 companies, was incorrectly calculated. The correct ROCE is 26.2 per cent and not 2.2 per cent as stated. Carlton Communications is therefore the 71st most profitable company in the FT European top 500 companies.

Companies in this issue

Market Statistics

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
Porsche	845	+	29
Falls			
Berliner Bank	418	−	16
Colonia Konzern	1385	−	35
DLW	485	−	13
Horten	240	−	13
Linde	905	−	21
NEW YORK ($)			
Rises			
Intel	63¾	+	1
Microsoft	85¼	+	2¼
Time Warner	40⅝	+	1¼
United Tech	67¾	+	1⅝
Falls			
Computer Assoc	77⅛	−	2¾
Union Pacific	67⅞	−	1⅛

New York prices at 12:30.

PARIS (FFr)			
Rises			
Imm de France	1410	+	71
Legris	264.5	+	22.5
Falls			
Club Med	371	−	13.4
Eridania B Say	972	−	24
Havas	425	−	13.5
LVMH	3899	−	138
TOKYO (Yen)			
Rises			
Konica	690	+	42
Makino Milling	646	+	36
Minebea	570	+	31
Mitsui Tst & Bk	1040	+	78
Nippon Kyoku	812	+	66
Tokyo Broadcst	1690	+	120

LONDON (Pence)			
Rises			
Border TV	163	+	14
Capital Inds	158	+	18
City Site Est	52	+	5
Crabtree	324	+	20
Derwe Estates	18⅜	+	5¼
Division Group	95	+	6
French (Thos)	126	+	10
Gibbs & Dandy A	77	+	6
Guinness	621	+	49
Hampson Inds	67	+	6
Kewill Systems	249	+	18
Macallan-Glen	147	+	8
Perpetual	1070	+	62
Saville Gordon	78	+	6
Spring Ram	75	+	9
Standard Chtd	1316	+	87
Wood (JD)	101	+	7
Falls			
Aim Group	150	−	15
Courtaulds Text	536	−	32
Int Food Mach	20	−	3
Kingfisher	678	−	37
Lon & Manchstr	413	−	23
Provident Fnl	529	−	30
Simon Eng	128	−	10

Big job cuts at Metallgesellschaft

By David Waller in Frankfurt

Mr Kajo Neukirchen, the new chief executive of Metallgesellschaft, warned yesterday of "massive" job losses at the Frankfurt-based group and gave details of the company's future strategy.

Mr Neukirchen, renowned as one of Germany's toughest company doctors, wrote in the Frankfurt-based group's in-house newspaper that the job cuts would be necessary to guarantee its survival.

He did not quantify the scale of the reduction in the workforce but the tenor of the article suggested that job cuts would prove to be more than the 10,000 out of 58,000 he indicated after the group was rescued by bankers last weekend.

Mr Neukirchen said the group would focus on three core operating areas – trading, chemicals and plant construction. Many of the group's 258 subsidiaries both in Germany and abroad would be sold.

Significantly absent from the list of future core activities are the group's mining businesses – bundled together in the 50.1 per cent owned Canadian subsidiary Metall Mining Corporation (MMC) – or its metals smelting activities.

Mr Neukirchen has already hinted that the continuing ownership of MMC will come under review. He has said that the smelters – highly efficient producers of metals such as zinc, copper and lead after huge investment in updated technology by Mr Heinz Schimmelbusch, Mr Neukirchen's predecessor – may be closed.

Mr Neukirchen repeated his pledge to sell off the company's majority stake in Kolbenschmidt, a manufacturer of motor vehicle components such as steering-wheels and air-bags, together with two smaller investments. He warned that in the trading area he would close or sell non-core and capital-intensive businesses.

He said that "from today's perspective" there was no intention to sell the following companies, commonly deemed the jewels in the Metallgesellschaft crown: Buderus (heating equipment and other industrial products); Dynamit Nobel (explosives and speciality chemicals); Lurgi, Lentjes and Zimmer, three plant construction subsidiaries; and B.U.S. Berzelius Umwelt-Service, a recycling company. Two further subsidiaries were singled out as not for sale: Lehnkering Montan Transport and Metallbank, the group's banking subsidiary.

It has been clear from the moment Mr Neukirchen was brought in as chief executive that the restructuring would be savage. FAG Kugelfischer, the ball-bearing manufacturer which Neukirchen rationalised, shed half its 31,000 workforce last year. However Mr Neukirchen said in his article that he felt sympathy for "the small man" who had to carry the can for the mistakes of "the big fish" who had got yet another company into a mess.

He is set to unveil the full details of his strategy at a press conference next month.

Poison pill adopted by Time Warner

By Martin Dickson in New York

Time Warner, the US media group in which Canada's Seagram drinks company has built up an 11 per cent stake, announced yesterday it was introducing a "poison pill" anti-takeover device which will, in effect, prevent any investor buying more than 15 per cent of its stock.

Seagram, controlled by the Bronfman family, began buying Time Warner stock last summer. It has announced plans to buy up to 15 per cent of the shares for "investment purposes".

Time Warner is apparently concerned that Seagram's stake could turn out to be unfriendly, though the company yesterday sought to portray the poison pill as a general response to the takeover wave sweeping the US media industry.

Mr Gerald Levin, Time Warner's chairman, said yesterday's action "in no way interferes with Seagram's stated objective to acquire up to 15 per cent of Time Warner's stock as a 'friendly and supportive investor'."

Seagram said the move did not appear to interfere with its objectives, but it did not believe poison pills were in the best interest of shareholders, since they could limit choice and adversely affect values.

The drinks company has no significant interests in the entertainment business but Mr Edgar Bronfman Jr, its young president, has dabbled in film production and expressed enthusiasm for the media industry.

Time Warner said it had developed the pill after expressions of concern from several institutional investors and the group's strategic partners. Its partners include US West, the Baby Bell regional telephone company, and Japanese companies Toshiba and Itochu, each of which owns a stake in the group's cable and entertainment operations.

Time Warner said the pill, known formally as a "shareholder rights plan," would not preclude a bona fide all-cash offer for the company which treated all shareholders equally. It was designed to protect against "abusive takeover tactics, including acquisition of control without paying all shareholders a fair premium".

The scheme is triggered if an investor buys more than 15 per cent. That gives all shareholders – apart from the 15 per cent investor – the right to buy stock at a large discount.

Market trading boosts Bankers Trust

By Richard Waters in New York

Bankers Trust, the US commercial bank, reported a further surge in profits from trading in financial markets in the final three months of last year, at a time when falling volatility in European markets cut into trading profits at other big US banks.

Like J.P. Morgan, which reported its 1993 earnings last week, the bank boosted its trading profits in the emerging country debt markets, bolstering dwindling income from the European currency and interest rate markets.

The value of debt securities issued by a number of Latin American and emerging Asian countries rose strongly last year on stronger economic fundamentals and demand from US investors for high-yielding investments. Income from trading rose to $449m in the last quarter of 1993, up from $101m a year before and ahead of the record $431m of the previous quarter.

In all, trading income contributed 36 per cent of the bank's revenues in the latest quarter. Further unspecified trading profits, made in interest rate markets and accounted for as net interest income, lifted this portion still higher.

The results boosted the bank's net income in the final three months to $279m ($3.25 a share), up from $133m (restated as $1.49 a share) the year before and well ahead of analysts' estimates.

Earnings per share calculations for the latest and previous periods were adjusted to take account of equity-related items such as stock options the bank has issued, diluting the final figure.

After-tax profits for the year reached $1.07bn, or $12.40 a share, up from $639m ($7.22 a share) in 1992 (before various accounting changes in both periods).

Both Bankers Trust and J.P. Morgan have shaken off the revenue slowdown faced by other US banks by moving heavily into trading activities and increasing their fee and commission-related operations such as corporate finance, fund management and fiduciary businesses. Revenues at each rose 35 per cent last year: Bankers Trust to $4.7bn and J.P. Morgan to $6.3bn.

Wall Street had remained sceptical about Bankers Trust's ability to maintain earnings growth from trading.

Yesterday, though, it greeted the bank's latest results by lifting its share price $1 to $71⅞, while other bank share prices continued a slide that began at the start of the week.

John Ridding analyses the challenge facing Philippe Jaffré of Elf Aquitaine as France's largest industrial group faces privatisation

Aiming for a leaner fitter giant

Elf Aquitaine is the giant of France's public sector. It is the country's largest industrial company and its privatisation, launched yesterday, is the biggest so far in the government's plans to sell corporate assets.

The sale of most of the state's 51 per cent stake in the oil group, which is expected to raise about FFr35bn ($6bn), is an important test of investors' demand for French privatisation issues.

Elf is one of the stars of the public sector, but its sale comes at a time when the oil price is languishing below $14 per barrel and after a year in which profits fell from FFr6.2bn to just over FFr1bn.

The success of the issue will depend most directly on the price, which is likely to be announced within the next few weeks. But it will also depend on the strategy pursued by Mr Philippe Jaffré, who took over at Elf Tower last August.

Since his arrival from Crédit Agricole, France's largest bank, Mr Jaffré has indicated grand objectives. "In each of our core activities, in oil, chemicals and health, market by market and product by product, we must be among the market leaders, to be first or near the first," he said at a press conference yesterday.

Privatisation will help. "It will increase our flexibility and will make it easier to raise financial resources." He added that private sector status would facilitate the formation of alliances with industrial partners.

Mr Jaffré's immediate objectives, however, are consolidation rather than growth. The rapid expansion pursued by his predecessor, Mr Loïk le Floch-Prigent, which included the purchase of the North Sea assets of Occidental of the US and a 30 per cent stake in Cepsa of Spain, strengthened the group's position among the international oil groups. In the North Sea, for example, Elf went from nowhere to become the fourth largest operator.

But the phase of expansion also left Elf with borrowings of more than FFr40bn and a net debt to equity ratio which has grown from just 13 per cent in 1989 to almost 50 per cent today. Faced with this legacy, Mr Jaffré has given priority to debt reduction and a concentration of resources on the group's core activities. "We have to consolidate our position and digest our acquisitions," he said yesterday.

In practice, this involves the sale of assets to ease the group's financial burden and the cutting of costs. Investments are being scrutinised with respect to their profitability and strategic importance.

First to fail the test was the company's fleet of three aircraft which was sold on New Year's Eve. More significant will be the sale of a series of financial holdings which have been accumulated over the years. The disposals could represent between one-quarter and one-third of Elf's FFr15bn of financial assets within two years.

Exploration costs are also to be reduced. The exploration budget this year has been cut by about 10 per cent to FFr3.6bn. This means that the eastern dreams of Mr Le Floch-Prigent, who launched an ambitious series of projects in Kazakhstan and Russia, are likely to take a back seat to the safer bets of the North Sea and the Gulf of Guinea.

In exploration and production, as elsewhere, costs will be shared where possible. Particularly pressing is the need to find a partner for Elf's east German project. In its bid to acquire the service station network of Minol in 1992, the French group agreed to rebuild an ageing refinery in Leuna in a project with Thyssen of Germany. It was an expensive commitment, with a total investment of about DM4.3bn ($2.5m), and one Elf would like to share. Discussions with potential partners are underway, but no agreement has been reached.

The new emphasis on financial rigour has its costs. The write-down of some North Sea oil assets and provisions against financial investments were important factors in last year's sharp fall in profits. But the bad news has been cleared away and this year the benefits may start to show. Reduced spending should combine with a stabilisation of demand and prices in the chemicals industry to allow a recovery in profits. The effects of the weak oil price will be partly offset by the relative strength of the US dollar.

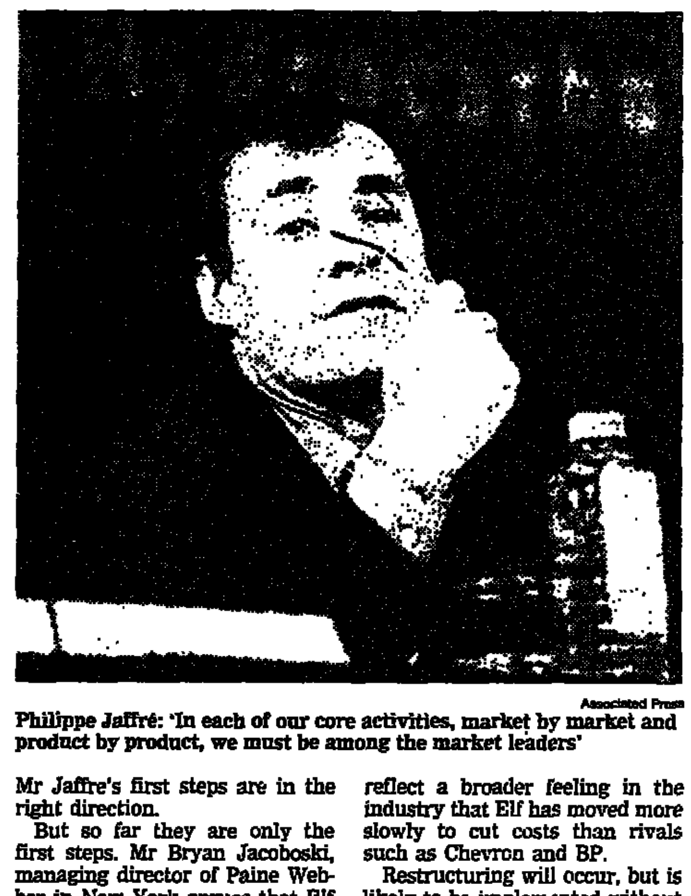
Mr Jaffré's approach, a reflection of his financial background, has also met with measured approval from the investment community. "Elf needs a financial expert at the moment, not a reservoir engineer," says one oil industry analyst. He believes that Mr Jaffre's first steps are in the right direction.

But so far they are only the first steps. Mr Bryan Jacoboski, managing director of Paine Webber in New York argues that Elf needs further restructuring, in particular to cut staff costs. "Elf has one of the lowest rates of profit per employee of all the oil majors" says Mr Jacoboski.

Such comparisons are complicated by Elf's peculiar structure. No other oil major has similar activities in pharmaceuticals and speciality chemicals, for example. Elf's profits for 1993 were also depressed by one-off provisions. The comparison, however, does reflect a broader feeling in the industry that Elf has moved more slowly to cut costs than rivals such as Chevron and BP.

Restructuring will occur, but is likely to be implemented without large-scale redundancies. "Elf has never fired people and there is no reason for that to change," said Mr Jaffré. Instead, job cuts are likely to be achieved through voluntary measures.

"Its current cost base and its position in its principal markets mean there is strong potential for a sustained rise in profits at Elf," says one industry analyst. "The resources are there, now Mr Jaffré must exploit them."



Associated Press
Philippe Jaffré: 'In each of our core activities, market by market and product by product, we must be among the market leaders'

ELF AQUITAINE (FFr bn)

	1989	1990	1991	1992	1993†
Sales	149.8	175.5	200.7	200.6	210.0
Net income	7.2	10.6	9.8	6.2	1.1
Total personnel	78,179	89,309	86,930	87,922	n/a
Operating income by sector					
Exploration, production				7.6	4.1
Refining, marketing, trading				0.9	1.4
Chemicals				1.6	-0.8
Health				1.9	1.8

† Company estimates. Source: Company results

New management at Spring Ram launches £42m rights

By Andrew Bolger in London

Shares in Spring Ram rose 9p to 76p after the new management of the UK kitchens and bathrooms group announced a £42.2m ($62.45m) rights issue to take advantage of trading opportunities.

The group also said that pre-tax losses for the year to January 1 would not exceed £36.5m.

Proceeds of the 2-for-9 issue, priced at 53p, will eliminate £33m debt. The deterioration in Spring Ram's balance sheet was one of the main reasons for disgruntled institutional shareholders installing Mr Roger Regan as chairman last summer. In September he forced the resignation of Mr Bill Rooney, co-founder and chief executive of the Yorkshire company. After accounting changes, Spring Ram's losses were £34.6m for the six months to July 31.

Mr Regan said sales had grown in the second half of 1993 and he believed economic activity was increasing in the group's markets. It was essential it had working capital available to seize these opportunities.

"Spring Ram has been through a difficult period in its history, during which the group, its businesses, its management and its finances have all come under intense scrutiny," Mr Regan said. "I believe that it is important for investors, management and employees alike to draw a line under events of the recent past and to focus on the future."

The pre-tax loss was mainly caused by the £30.2m provision announced at the time of interim results. Mr Martin Towers, finance director, said there would be no need for further provisions.

Group sales increased from £193.3m to £240m, but underlying growth was about 10 per cent, excluding property development and £25m of sales from Stag Furniture, bought at the end of 1992.

There was a loss per share of 11p, against restated earnings of 3.6p. The group paid a nominal final dividend of 0.1p, but said the dividend for the current year would be not less than 0.5p.

The rights issue has been fully underwritten by NM Rothschild, with BZW acting as brokers.

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Petrogal holders threaten pull-out

By Peter Wise in Lisbon

Private shareholders who own 25 per cent of Petrogal, Portugal's partially privatised oil company and largest commercial enterprise, have told the government they may withdraw from the company because of difficulties in meeting a commitment to purchase a further 26 per cent of the equity.

The private group, dominated by Total, the French oil company, purchased a 25 per cent stake in Petrogal in the first stage of the company's privatisation in 1992. The terms of the sale oblige the group to buy a further 26 per cent by July 1995 for an estimated Es45bn ($255m).

The private shareholders, grouped together in the holding company Petrocontrol, have been trying to negotiate an alternative deal with the Portuguese finance ministry because of difficulties in raising the necessary capital by the deadline.

Petrocontrol has indicated that it is prepared to pull out of Petrogal if an agreement cannot be reached. A withdrawal is likely to lead to the purchase of the stake by other private investors.

Total holds 48 per cent of the voting rights in Petrocontrol. The remainder of the capital is divided between nine Portuguese institutional and individual investors. Portuguese law prohibits foreign investors from holding, directly or indirectly, a majority of the privately-owned capital of Petrogal.

According to the terms of Petrogal's privatisation, if Petrocontrol fails to purchase an additional 26 per cent of the company by the deadline, it will be required to forfeit 6 per cent of its holding and have the option of selling the remaining 19 per cent back to the state at the original price.

Mr Luis Mira Amaral, minister for industry and energy, reportedly insists on Petrocontrol agreeing to buy the additional 26 per cent before he will agree to a badly-needed capital increase for Petrogal.

● Revenue from policy sales for Portugal's 20 leading insurance companies increased 22.7 per cent in 1993, compared with the previous year, to Es455bn ($2.9bn), according to the Portuguese Association of Insurers.

Life insurance policy sales, the fastest-growing sector, rose by 38.5 per cent to Es135bn. Sales in the automotive sector grew by 26.2 per cent to Es174bn. Imperio continued to lead the company ranking, with policy sales worth Es68bn.

Austrian electricity group pegs dividend

By Patrick Blum in Vienna

Oesterreichische Elektrizitätwirtschafts (Verbund), the partially privatised Austrian electricity group, has reported improved provisional pre-tax profits for 1993 in spite of a small decline in electricity sales. The dividend will remain at 16 per cent.

Pre-tax profits for 1993 are expected to rise to Sch1.3bn ($108m) on electricity sales of Sch16.5bn, compared with sales of Sch17bn and a pre-tax profit of Sch1.15bn in 1992. Group investments almost doubled last year to Sch6bn.

Mr Johann Haider, Verbund's chief executive, said the dividend would have to remain at 16 per cent because the company had to make extra provisions totalling about Sch500m.

These were to cover the cost of dismantling the unused Zwentendorf nuclear power plant and to pay for stocks for a large coal-fired plant. The Zwentendorf plant was completed in 1978 but was never used after a referendum the same year came out against nuclear power.

Mr Haider warned that earnings could be cut by almost half this year unless the government approves a 6 per cent increase in electricity prices.

Verbund was 49 per cent privatised in 1988 but there are no plans for any further privatisation at the moment.

MGN pursues holding in The Independent publisher

By Raymond Snoddy in London

Detailed negotiations are under way between Mirror Group Newspapers and Mr Andreas Whittam-Smith, principal founder of The Independent and The Independent on Sunday.

Mr David Montgomery, chief executive of MGN, is clearly interested in taking a significant minority stake in Newspaper Publishing, which publishes The Independent, but no agreement has been reached on how large the stake should be, or on the precise terms.

Although the popular newspaper group has developed a good working relationship with El Pais and La Repubblica, the main shareholders in Newspaper Publishing, it is unlikely that a formal consortium can be put together before next week.

MGN, whose share price has been rising and yesterday closed at 198p, is looking for a long-term relationship with a trade investor.

For MGN, which does not want to get directly involved in running the broadsheet titles, a condition of a deal would be that Mr Whittam-Smith, who is seen to represent both the spirit and philosophy of the paper, should remain as editor-in-chief.

Newspaper publishing had pre-tax losses of around £486,000 ($724,140) on turnover of £81m in the year to September, although losses are rising because of promotional spending.

This year, losses are heading for £8m, according to some estimates, and even that assumes a cash injection of at least £15m.

It was being suggested last night that if the consortium did put a deal together, it would amount to a concert party and a bid might have to be made for the entire company.

Meanwhile, Mr Tony O'Reilly, chief executive of Heinz and chairman of Independent Newspapers in Ireland, is still seriously interested in a large minority stake.

An indicative offer has been received by Mr Ian Hay Davison, the Newspaper Publishing chairman, from Mr O'Reilly. The preliminary offer is in the region of £25m-£30m for between 25 and 29.9 per cent of the company.

Banco Bilbao ahead of forecasts

By Tom Burns in Madrid

Banco Bilbao Vizcaya, the big Spanish bank at the centre of the rescue of the rival Banesto group, yesterday reported a 2.3 per cent rise in net profits for 1993 to Pta71bn ($504m).

During the previous 12 months profits fell nearly 20 per cent, leading the company to claim yesterday it had consolidated a healthy core banking business.

The results were ahead of forecasts. These had suggested the group would return flat profits because lower domestic interest rates last year were expected to penalise BBV, which has a short-term concentration in its loan portfolio and a position as a net lender on the interbank market.

Reduced BBV equity in companies that consolidate with the banking group contributed to holding down the net income figure and disguised a 14.9 per cent rise in operating profit to Pta155bn.

The bank's capital base topped Pta730bn at the end of 1993 to give it a BIS capital ratio above 12 per cent and its total assets increased by 15.4 per cent to Pta11,600bn making it the largest financial institution in Spain.

BBV has lent scores of senior and middle-ranking executives to Banesto to salvage the troubled bank following the intervention of the authorities three weeks ago.

Sphinx to acquire Swedish group

By Ronald van de Krol in Amsterdam

Sphinx, the Netherlands-based producer of sanitary fittings and bathroom furniture, has agreed to acquire Gustavsberg, a Swedish manufacturer of showers and baths, in a move that will double the Dutch company's size and increase its product range.

After the acquisition, which Sphinx described yesterday as a merger because the two companies plan to act as partners, the new group will have turnover of around Fl 800m ($410m), nearly twice as much as the Fl 425m in sales generated by Sphinx.

Gustavsberg is being sold by Nordico, part of Sweden's KF supermarket group, for an undisclosed price.

Sphinx, which said it might make a small share issue to raise money for the deal, also declined to give the purchase price but said the acquisition would contribute immediately to profit per share.

Initial financing will come from a credit line from ABN-Amro Bank of the Netherlands and from Sphinx's internal cash flow.

The two companies are largely complementary, with Gustavsberg particularly strong in showers and shower systems. These are products which Sphinx has, until now, had to buy in from outside suppliers.

The new company, which is likely to be called Sphinx-Gustavsberg, will generate nearly one-third of its sales in the Benelux countries and another third in Germany. It will be based in Sphinx's home town of Maastricht.

Head of Philips lighting business to resign post

By Ronald van de Krol

Philips, the Dutch electronics group, said yesterday the head of its lighting business, traditionally one of the company's most profitable areas, is to resign this year.

Mr Einar Kloster, a member of the Norwegian shipping family, has worked for Philips since the early 1960s. He plans to give up his job for personal reasons, the company said.

A successor has not yet been found.

Philips declined to comment on a press report that Mr Kloster, 56, was resigning because he had not been appointed to Philips' five-member management board.

Greek building group in Dr9.2bn rights issue

By Kerin Hope in Athens

Michaniki, the Greek construction company, is to raise Dr9.2bn ($36.8m) through a two-for-10 rights issue to finance its participation in several build-operate-transfer projects being launched in Greece.

Michaniki's capital increase follows the flotation of five Greek construction companies on the Athens Stock Exchange, which were all heavily over-subscribed.

The construction sector is looking forward to increased opportunities as Greece starts to draw down Ecu17bn in European Union funding for infrastructure projects later this year.

Michaniki is to start work shortly on Greece's first BOT project, a Dr2bn underground shopping mall and multi-level car park in central Athens, on a site being rented from the municipal authorities. The company will operate the car park for 30 years.

The issue is being made at Dr12,000 per share for common shares and Dr9,000 per share for preferred shares. A total of 858,240 new shares are being issued, half of them preferential, amounting to a 14 per cent capital increase.

The company said that pre-tax profits for 1993 reached Dr2.7bn on turnover of Dr11.5bn. For the current year, earnings are forecast at over Dr4bn on turnover approaching Dr20bn.

BOC chairman to retire early

By Daniel Green in London

Mr Patrick Rich is to retire early as chairman of BOC, the UK-based industrial gases group. He blamed health problems arising from "the stresses and burdens of office" for his decision, which takes effect in April.

The announcement came less than two months after Mr Rich gave up the job of chief executive. BOC said yesterday that Mr Rich's health had been an issue in that decision too.

Nestlé turnover improves 5%

By Ian Rodger in Zurich

Nestlé, the packaged foods and mineral waters group, has reported a 5.4 per cent rise in 1993 sales to SFr57.5bn ($39.4bn), in spite of recessionary conditions and currency devaluations in many of its main European markets.

The group said that sales volume, excluding the effect of acquisitions, grew only 1.7 per cent last year, compared with 3.3 per cent in 1992. However, volume grew strongly in Asia and in North and South America. Among product groups, drinks, milk products and pharmaceuticals had good volume growth.

On 1993 profits, Nestlé said only that it expected an increase over the 1992 net income of SFr2.7bn. Mr Helmut Maucher said in November that profit would rise by roughly the same extent as sales.

It anticipated further increases in sales and profits in the current year unless the European recession deepened or exchange rates took "a very unfavourable turn" against the Swiss franc.

● Oerlikon-Bührle, the armaments and retailing group, said its 1993 sales dropped 16 per cent to just under SFr3bn, mainly because of the completion of large military contracts.

Operating income was "distinctly lower" than last year's SFr232m, but net income was expected to be better than last year's SFr37.2m because of financial and extraordinary gains. No dividend could be paid because of accumulated losses.

Sandoz sees income rise of 10%

By Ian Rodger

Sandoz, the Basle-based pharmaceuticals and chemicals group, said its consolidated sales last year grew 5 per cent to SFr15.1bn ($10.3bn), and it expected to report a "marked increase" in net income of more than 10 per cent over 1992's SFr1.49bn.

Weak trends in industrial chemicals were more than offset by the continuing strength of pharmaceutical sales.

Fourth-quarter sales of the pharmaceutical division, which accounts for nearly half of total group sales, were up a brisk 10 per cent to SFr1.9bn.

Sales of Sandimmun, used to combat rejection of transplanted organs, were up 15 per cent, while those of Clozaril, a drug used for schizophrenia, soared 60 per cent.

In the full year, pharmaceutical sales were up 7 per cent to SFr7.35bn.

Chemical sales were flat in the fourth quarter at SFr585m, but up 2 per cent in the full year to SFr2.5bn. Sandoz said the performance was above the industry average due in part to increases in textile dyestuffs sales in the US, Brazil and parts of Asia.

Agro-chemical sales dropped 7 per cent in the fourth quarter to SFr240m because of a delayed start to the 1993-1994 season, but were up 7 per cent in the full year to SFr1.3bn, thanks to new environmentally friendly herbicides and fungicides.

Sales of the construction and environment division jumped 12 per cent to SFr1.2bn in the full year, with above average results in the US and the Far East.

INTERNATIONAL COMPANIES AND FINANCE

Bristol-Myers held back by $500m pre-tax charge

By Richard Waters

Bristol-Myers Squibb, the US drugs group, has taken a $500m pre-tax charge to cover a possible settlement of breast implant claims, cutting into fourth-quarter earnings which were otherwise much in line with expectations.

The company said it expected its share of a proposed $4.75bn global settlement of claims over leaking breast implants to reach $1.5bn, $1bn of which would be covered by insurance payments.

The extent of its insurance coverage is still the subject of litigation. Bristol-Myers said, though it added that it believed it would eventually receive more than $1bn.

Leaving aside this charge and a one-off item the year before, fourth-quarter earnings reached $566m or $1.10 a share, up 7 per cent from the corresponding period last year.

The results reflect a 6 per cent increase in sales to $2.99bn, in the latest period, in line with expectations.

The company said it had not experienced any moves by drug wholesalers to reduce their inventory. This was a factor blamed by Pfizer the day before for its own sales slowdown.

The Pfizer news surprised Wall Street and had sent the shares of all drug companies lower on fears that drug pricing was coming under greater pressure than expected.

For the year as a whole, Bristol-Myers' drug sales, which contributed an estimated 55 per cent to total revenues of $11.4bn, rose 3 per cent. Other areas were slightly ahead, though sales of consumer products fell 1 per cent, in part as a result of increased competition in the US.

The company reported a decline in sales of Capoten, the hypertension treatment that is its biggest single product, which was more than offset by increasing sales of a range of newer drugs.

Specific figures were not released, but market estimates put Capoten sales last year at around $1.5bn, down about 10 per cent from the previous year.

● Host Marriott of the US has signed a non-binding letter of intent to sell 26 Fairfield Inns to a venture comprising Sage Hospitality Resources and the Carlyle Group for net proceeds of about $115m, $27m of which will be in the form of a note, Reuters reports.

Host Marriott said the sale was expected to close in June.

Marriott International will continue to operate more than 50 Fairfield Inns and remain the Fairfield Inn franchiser.

Finmeccanica sees break-even

By Haig Simonian in Milan

Finmeccanica, the Italian state-controlled engineering group, said a recovery in the second half of last year meant it should break even in 1993 in spite of a L159.9bn ($97.3m) loss in the first half.

The recovery forecast, made after a board meeting in Rome, is largely the result of the flotation or sale of a number of subsidiaries in the closing months of last year. These moves realised substantial extraordinary gains and helped reduce the group's heavy debts.

Group sales dropped to L10,450bn from L11,200bn, largely because of the recession in the aerospace business and cuts in defence spending, which hit Finmeccanica's Alenia subsidiary.

The group said the disposal drive would continue with the sale of its Esaote Biomedica medical equipment subsidiary, which is expected to be bought by a management team.

Asset sales helped reduce net group indebtedness to about L5,250bn at the end of last year from L5,310bn the previous year.

However, the fall was much more substantial when measured against end-June 1993, when net debts stood at L6,311bn. Finmeccanica's order book remained littled changed at L22,100bn at the end of last year against L22,300 in December 1992.

Meanwhile, the group moved a step closer to taking over the defence operations of the former Efim state holding company with the appointment of Lehman Brothers and San Paolo Finance to advise on valuing the assets being transfered. Several auditing companies will advise Efim's special commissioner.

CBoT approves trading floor expansion

By Laurie Morse in Chicago

Members of the Chicago Board of Trade, the big US futures exchange, have approved plans for a badly-needed trading floor expansion. The expansion plan was voted down twice in 1993.

The plan provides $26m to acquire a building just east of the exchange's LaSalle and Jackson Street headquarters. Members are expected to approve plans to build a 60,000 sq ft trading facility on the site for a cost of about $171m in another ballot in the spring.

The new building, to be connected to the CBoT by a walkway, will more than double the CBoT's trading space, and will be among the most costly trading floors built in the US.

The new floor will house the exchange's financial futures and options pits. Construction is expected to begin this summer.

Mr Patrick Arbor, CBoT chairman, won members over by promising not to raise trading fees to pay for the expansion.

The exchange intends to finance the project from general revenues.

The CBoT traded a record 178m contracts last year, and Mr Arbor has said that with proper facilities and recent growth rates, volume could double by 1998.

The CBoT's rival, the Chicago Mercantile Exchange, opened a new trading floor in July, doubling trading space there to 70,000 sq ft. That expansion was completed at a cost of $27m.

GE earnings rise 10% to $1.5bn in fourth quarter

By Martin Dickson in New York

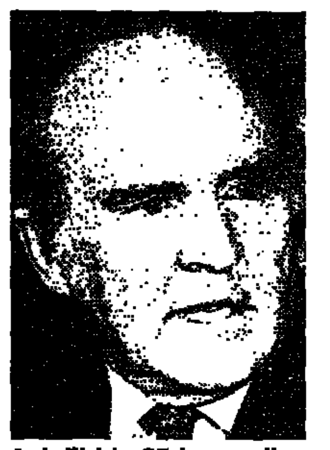
General Electric, the US conglomerate, yesterday reported a 10 per cent increase in fourth-quarter earnings and a 22 per cent rise in profits from its ongoing operations.

Earnings totalled $1.48bn, or $1.73 a share, compared with $1.34bn, or $1.57, in the same period of last year.

The 1992 fourth quarter included $126m of earnings from GE's aerospace business, which it sold to Martin Marietta for $3bn. GE said excluding this, earnings rose 22 per cent.

Revenues rose 12 per cent to $18.08bn from $16.2bn. GE said there had been good growth in appliances, GE Capital Services, plastics, power systems and transportation.

For the full year, GE reported earnings before accounting changes up 10 per cent to $5.18bn, or $6.06, from $4.73bn, or $5.51, on revenues 6 per cent ahead at $60.6bn. Earnings from continuing operations rose 16 per cent.



Jack Welch: GE has excellent outlook for growth in 1994

Mr Jack Welch, the chairman, said the company had delivered excellent performance in a difficult global economy in 1993.

Eleven of its 12 businesses improved net earnings and 10, led by GE Capital, television broadcaster NBC, plastics and power stations, had achieved double digit increases.

Earnings from aircraft engines, which has been suffering from the downturn in the airline industry, were much lower than in 1992.

The group's on-going operating margin rose to a record 12.5 per cent from 1992's 11.5 per cent, while cash generated from continuing operations reached a record $5.2bn, driven by an improvement in inventory turns to six.

Mr Welch said GE entered 1994 with "a strong balance sheet and cash flows and an excellent outlook for growth".

Union Pacific improves 22%

By Richard Tomkins in New York

Record traffic levels helped produce a 22 per cent increase in fourth-quarter net profits to $235m for Union Pacific, the US rail and natural resources group reported yesterday.

The traffic growth was led by four sectors.

Car and truck deliveries were up by 12 per cent, coal carrying rose by 14 per cent, chemicals were up by 4 per cent, and intermodal traffic – freight switching from road or sea to rail for the long-distance part of its overland journey – increased by 6 per cent.

New contracts helped produce the growth in coal carrying, while strong US car sales were behind the automotive growth.

The intermodal sector benefited from rail's increasing competitiveness in long-distance freight, resulting from the railroad's efforts to cut costs.

The group saw strong growth at Union Pacific Resources, its oil and gas subsidiary, which increased earnings by 36 per cent on the back of higher volumes and an increase in gas prices. Earnings per share for the quarter were 21 per cent up at $1.14.

Figures for the full year were less encouraging, showing a decline in net income to $530m from $728m. But the latest figure would have been $705m without the effect of non-recurring charges for accounting adjustments totalling $175m.

Earlier in the year, Union Pacific suffered estimated losses of $34m because of lost business and repairs resulting from the floods in the Midwest.

Automotive, intermodal and chemical shipments were up on the year, but other commodities were slightly down.

Monsanto advance matches forecasts

By Richard Waters in New York

Monsanto, the US chemicals group, matched market expectations with steady annual earnings growth in the final quarter as cost-cutting took effect and sales edged ahead by less than 1 per cent.

Leaving aside one-off items, fourth-quarter net income was $46m, or 39 cents a share, up from $12m, or 9 cents, the year before. Sales were $17m higher, at $1.88bn.

In the latest period, the company reported an after-tax gain of 16 cents a share from a one-off reduction in working capital inventories, and a 6 cents a share charge to cover the sale or withdrawal of some products.

The latest figures reflect sales growth in chemicals, pharmaceuticals and agricultural products, offset by a $50m decline in sales of NutraSweet, to $188m.

Leaving aside one-off charges in both periods, the pharmaceuticals business consolidated its return to operating profitability, achieved in the previous quarter, with operating income of $25m.

The chemicals division made operating profits of $55m, up from $26m, largely as a result of cost-cutting.

For the year, before all non-recurring items, net income was $460m, or $3.82 a share, up from $346m or $2.81 in 1992.

On Wall Street, Monsanto's stock fell $3 to $77 in early trading as profit-taking brought it down from its high for the previous 12 months.

Hewlett-Packard adds credibility to Taligent

Alan Cane looks at computing's latest alliance

The recent decision by Hewlett-Packard to take a 15 per cent stake in Taligent, a joint venture between International Business Machines and Apple Computer, sent a *frisson* of anticipation through the computer industry.

HP, now the most profitable computer manufacturer in the US, intends to use Taligent's technology to develop and extend its principal computer operating software. It will also make available to Taligent its own software for company-wide computer networks.

Partnerships and strategic alliances are increasingly common among computer manufacturers but HP's involvement in Taligent gives a new credibility to a partnership seen as much as a move to counter Microsoft's domination of computer operating systems as an attempt to push back the frontiers of computing.

Taligent's stated objective, however, is to change the way companies process data by introducing advanced operating software better suited to running networks of high powered workstations and personal computers than today's limited and unfriendly systems.

Taligent technology should make it easier for companies to develop software quickly to meet new requirements.

Mr Jean Claude Malraison of IBM Europe says: "The whole software landscape is going to change as a result of this new approach." Experts agree, with reservations.

Price Waterhouse, the management consultancy, says: "Taligent has the monumental, albeit risky, opportunity to redefine the nature of computer operating systems."

Operating systems – software which controls and manages the internal workings of computers – are complex and the choices open to customers are frequently confusing.

Microsoft is the leading supplier of operating systems for individual PCs; of the world's 100m PCs most run on MS/DOS and Windows. The Apple Macintosh, with its own unique operating software, accounts for other 8.5m computer users.

Michael Spindler, president of Apple Computer, joint venture partner in Taligent with IBM

Microsoft has developed an operating system suitable for linking PCs and workstations in company-wide networks – Windows NT – but it is at an early stage in its acceptance.

Taligent is targeting this market for enterprise-wide computing. Its operating system is derived from a version of Apple software, code-named "Pink", and uses an advanced technology called "object orientation", in which software is written in self-contained, re-usable, modules.

IBM's reasons for involvement in Taligent are clear. It allowed Microsoft to take control of the PC operating system market in the 1980s and its own large-scale operating system, OS/2, has not been an immediate success. It is struggling to return to profitability after several years of losses and wants greater influence in the direction of the industry.

Apple's involvement is also strategic. While still the second largest manufacturer of personal computers, it is at a crossroads. Its operating software, though well regarded, has been eclipsed by the marketing power of Microsoft. There are 30,000 applications programs running on MS/DOS and Windows and only 7,000 for the Apple Macintosh. Apple's survival is in question unless it can exploit new trends.

The relief in Apple president Mr Michael Spindler's voice is almost palpable when he says: "With the commitment and support of industry leaders like HP, IBM and Apple, Taligent is now poised to provide the volume object platform for enterprise computing."

But why should HP, the undoubted US electronics star of the 1990s, with annual revenues in excess of $20bn, wish to ally itself with these stumbling giants?

Because it aims to be the world leader in electronics hardware manufacture rather than software: "HP will never be a leader in operating systems," says Mr John Golding, managing director of HP's UK offshoot, which is responsible for about a third of its research and development. "We want to be the hardware manufacturer of choice."

The first Taligent products should emerge from the laboratory this year. Unlike earlier operating systems which have been offered as complete products, Taligent will release a series of "frameworks" or sub-systems.

A complete set of frameworks will be equivalent to a complete operating system.

These frameworks will be incorporated in the partners existing operating systems – IBM's OS/2 and AIX, Apple's system and HP's HP-UX this year; IBM:s OS/400 and MVS next year. These systems cover the range of personal computers, mid-range machines and mainframes. The aim is to make the change for customers as painless as possible.

Microsoft, meanwhile, has its own developments under way. "Chicago", the code name for an improved version of Windows, was announced recently. "Cairo", Microsoft's own object oriented version of Windows NT should make its appearance later.

By next year it should be clear whether HP has put its money on the right operating systems horse.

Aerolíneas investment restriction removed

By John Barham in Buenos Aires

Argentina has removed one of the key obstacles to restructuring the finances of Aerolíneas Argentinas, the loss-making privatised airline. It is allowing foreign investors to hold a majority of the company without altering its flag-carrier status.

The government issued a decree stipulating simply that investors in Aerolíneas should be legally domiciled in Argentina.

Previously, legislation stated that Argentine nationals must hold at least 51 per cent of the company. An Aerolíneas executive said: "With these new rules, the financial problems are resolved."

Iberia, the Spanish national airline which operates and owns 30 per cent of Aerolíneas, said this week it would go ahead with a $500m capital injection for the company. However, its efforts to raise the equity would have been hindered by the rule requiring that 51 per cent of Aerolíneas be held by nationals.

The Argentine government, which owns 33 per cent of the airline as well as 10 per cent held in trust for employees, said it would not contribute any money.

An Argentine bank and two small investors hold a further 8 per cent of Aerolíneas, but only the Medefin merchant bank said it would participate in the capital-raising exercise.

As well as contributing its $150m share, Iberia is expected to be supported by Spain's Banco Hispano and the troubled Banesto, which each hold 7.5 per cent of Aerolíneas. It could also buy 28 per cent of the company from the government, which bought the stake in 1992 to prevent the collapse of the airline.

The pilots' union has already offered to buy the government's 28 per cent stake. It is offering a $200m package which includes a contribution to the capital increase.

Strong advance at Anglo American

By Matthew Curtin in Johannesburg

Shrewd gold hedging and improved cost control enabled Anglo American's gold mines to lift after-tax profit to R582.2m ($171.2m) in the three months to December, from R498.6m the previous quarter. In the December 1992 quarter, the mines reported after-tax profit of R482.1m.

Quarterly gold output edged forward to 66,115kg from 65,773kg. The average gold price received improved to R39,793 a kg from R39,320 a kg, although it remained below the average spot price of R40,200.

Mr Clem Sunter, chairman, said the outlook for gold was particularly uncertain, with the price likely to range from $360 to $430 an ounce in 1994.

He said the belief that a collapse in share prices would be good for gold no longer held true, because it was high price-to-earnings ratios on Wall Street which had tempted fund managers to invest in gold in 1993. Any retreat in equities might trigger a fall in gold prices, as stock markets became more attractive for investors.

The mines' average working costs rose only 1 per cent to R29,358 after they deteriorated by 7 per cent in the previous quarter. Seasonal fluctuations contributed to a sharp rise in capital spending, to R314.9m from R233.6m.

Mines in the Transvaal declared final dividends for the year to December 31, which demonstrated the extent to which shareholders gained from last year's rally in bullion prices. Vaal Reefs, the group's most profitable mine, declared a 23 per cent improved total dividend of R13.70 a share against R11.10 in 1992, while Western Deep Levels' total payout surged more than 80 per cent, to R5.60.

Clem Sunter: outlook for gold particularly uncertain

Vaal Reefs' south division hit "abnormally" good patches of ground which, with a tax rebate, was partly behind the jump in after-tax income, to R217.5m from R174.9m.

Western Deep Level achieved its highest gold output since 1980, producing 11,210kg of gold. Freegold turned in a flat performance, but re-organising underground operations at Elandsrand knocked productivity and pushed up costs.

● Northam Platinum, the struggling young platinum producer owned by Gold Fields of South Africa, reported a R58m operating loss in the half-year to December 31, against a loss of R50.7m in year to June 30.

Japanese rivals join forces to make flash memory chips

By Michiyo Nakamoto in Tokyo

Hitachi and Mitsubishi Electric are linking to produce flash memory chips, in an unusual alliance between two Japanese competitors.

The two companies will co-develop 16-megabit flash memory – an advanced silicon chip which "remembers" what has been written on it without the need for constant electronic refreshment – using technology developed by each company.

Because they are smaller and use less power than hard-disk drives, flash chips are expected to replace them eventually, particularly in portable computers.

The alliance between Hitachi and Mitsubishi underscores the high cost of setting up semiconductor manufacturing facilities, and the enormous resources needed to be a leading producer in the market.

The partnership "involves a sharing of resources in the areas of research and development as well as production, and as such is an undertaking of great significance to the future progress and development of each company", said Mr Tsugio Makimoto, executive managing director at Hitachi.

However, at the same time it demonstrates the extent to which Japanese companies have suffered under the economic downturn and the fall in asset prices.

A few years ago, financing the construction of a semiconductor facility, estimated at about $1bn, may not have been such a difficult decision for either company, says Mr Barry Dargan, industry analyst at S.G. Warburg.

SGS-Thomson Microelectronics, the Franco-Italian semiconductor group which has an alliance with Mitsubishi in flash memories, is also expected to join the Japanese partnership. Its involvement could bring the alliance a valuable route into the European market.

However, the flash memory market is currently dominated by Intel, of the US, followed by Toshiba. Meanwhile, prices have failed to fall as quickly as expected. Consequently, flash has been slow to replace disk drives, Mr Dargan says.

While demand for flash chips has continued to be strong, prices will need to come down further. The chips are expected to grow into a $8bn market by 2000.

Japanese insurer moves into UK market

By Emiko Terazono in Tokyo

Sanshin, a Japanese non-life insurance company affiliated with Sanwa Bank, a leading commercial bank, is to set up a joint reinsurance venture in the UK with Robert Fleming Insurance Brokers, a member of the UK merchant bank group.

Sanshin Fleming Reinsurance Brokers will be established in London this month, with Sanshin and Robert Fleming Insurance each holding 42.5 per cent stakes, and Japan England Insurance Brokers the remaining 15 per cent.

The company will be the first Japanese insurance company to be involved in the reinsurance business. The move comes ahead of the deregulation of the Japanese insurance market in 1996, when insurance brokers are expected to be allowed into the market.

The Japanese insurance industry, one of the country's most tightly-regulated financial markets, is bracing itself ahead of the liberalisation, and trying to expand and diversify operations.

Sanshin said it wanted to acquire know-how of the reinsurance business, and hoped to eventually win contracts from Japanese insurance companies, which currently rely on European and US reinsurers.

Pennzoil faces $957m tax demand

By Richard Waters in New York

Pennzoil, the US oil company, has been presented with a tax demand for $957m from the Internal Revenue Service over a settlement it received six years ago after a long-running dispute with Texaco.

The IRS has ruled that Pennzoil should pay tax on the $2.2bn of the $3bn settlement which it invested in shares in another oil company, Chevron.

Pennzoil, which has paid tax on the remaining $800m, has always argued that the larger part of the settlement should not be taxed.

It said it had received a ruling from the IRS that its 1988 income should be increased by $2.2bn. This created a tax deficiency for the year of $551m, plus additional after-tax interest of $234m.

Pennzoil said the IRS had disallowed $366m of litigation and other costs related to the dispute with Texaco, and that this would produce a tax deficiency of $125m, plus interest of $47m. The company said it continued to dispute the issue, and would appeal.

It said it had the financial resources necessary to deal with any ruling that followed. Late last year, Pennzoil sold $721m of Chevron stock, prompting speculation that it was building cash reserves in case the IRS ruling went against it.

The $3bn settlement followed a dispute over Texaco's acquisition of Getty Oil in the 1980s.

Nova seeks to raise C$500m

Nova, the western Canada energy and petrochemicals group, is raising C$500m (US$381.7m) in new equity to finance domestic pipeline expansion and its international gas service business, writes Robert Gibbens in Montreal.

The new equity issue is priced at C$9.55 a share, against a price of C$10.25. Nova shares closed in the market on Wednesday at C$10.25.

The company is spending $600m this year on its Alberta gas transmission system.

NAB reaffirms search for US acquisition

By Nikki Tait in Sydney

National Australia Bank (NAB), the largest and strongest of the Australian banks and the owner of various regional banks in the UK and Ireland, said yesterday it was still looking for an acquisition in the US.

Mr Bill Irvine, the chairman, also told shareholders at yesterday's annual meeting that the bank was not as strong as it wanted to be in the south of England and in the Republic of Ireland. Acquisitions in these areas, along with the US, would take precedence over any purchases in Australia, he said.

Speculation that NAB would seek to acquire a US banking business has been rife for some time. Unlike some of its rivals, who are still retrenching, the bank has weathered the recession in fairly good shape, and can afford to look to new markets.

However, several analysts have questioned whether NAB's enthusiasm for a US deal might have faded in the face of the recent consolidation within the banking sector there. This has arguably removed some of the most attractive acquisition candidates from the field.

NAB, which owns the Clydesdale, Yorkshire, Northern and National Irish banks, also said the current year had started well, and that it expected to "record a further satisfactory improvement in results over the current year".

In 1992-93, NAB's profit after tax but before abnormal items, rose by a third, to A$1.07bn (US$746m).

Microsoft rises 22% to $289m in second term

By Martin Dickson in New York

Microsoft, the world's largest personal computer software supplier, reported a 22 per cent increase in second-quarter net income, to $289m from $236m.

The figures translated into earnings per share of 95 cents, up from 78 cents, and were struck on revenues 20 per cent higher at $1.22bn. The results were in line with expectations.

Microsoft said several factors contributed to the improvement, including an enthusiastic response to the latest editions of Microsoft Office in the US, together with the "ongoing adoption of the Microsoft Windows operating system".

For the six months, it reported net income of $528m, or $1.74 a share, up from $445m, or $1.48, in the same period of last year.

Genentech upbeat

Faster profits growth at the end of last year at Genentech, the US biotechnology company, is likely to continue, into this year, Mr Kirk Raab, president and chief executive, said, writes Richard Waters. Fourth-quarter net income was $18.7m, or 16 cents a share, against $6.2m, or 5 cents.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Prices for Trading on 21.01.94 Pool purchase price £/MWh	Final Prices for Trading on 24.12.93 Pool purchase price £/MWh	Pool selling price £/MWh
0030	18.02	18.17	18.17
0100	23.28	31.38	33.22
0130	24.31	36.00	37.84
0200	24.31	36.00	37.84
0230	24.31	23.52	35.36
0300	24.31	23.52	25.36
0330	24.31	23.52	25.38
0400	24.31	21.46	23.30
0430	18.05	20.37	22.20
0500	17.99	20.37	22.20
0530	17.94	21.80	23.64
0600	17.95	20.71	22.55
0630	18.02	21.10	22.94
0700	21.28	21.80	23.64
0730	24.13	20.71	22.55
0800	23.42	23.01	24.85
0830	25.93	21.80	23.64
0900	25.94	25.55	27.39
0930	25.94	32.12	33.96
1000	25.94	32.12	33.96
1030	25.94	32.12	33.96
1100	25.94	32.12	33.96
1130	25.94	32.12	33.96
1200	25.93	26.30	28.14
1230	25.93	25.02	26.86
1300	25.93	24.80	26.63
1330	24.13	24.80	26.63
1400	24.13	18.09	18.09
1430	23.00	18.05	18.05
1500	23.00	18.04	18.04
1530	23.00	18.05	18.05
1600	23.00	18.17	18.17
1630	26.76	26.47	28.30
1700	30.03	26.57	28.41
1730	40.86	39.66	41.50
1800	40.88	39.66	41.50
1830	29.37	39.66	41.50
1900	26.70	28.19	30.03
1930	25.41	26.22	28.06
2000	25.90	25.61	27.44
2030	25.25	23.01	24.85
2100	22.90	23.01	24.85
2130	22.90	21.80	23.64
2200	21.28	18.04	18.04
2230	18.05	18.02	18.02
2300	17.95	18.01	18.01
2330	17.92	18.00	18.00
2400	17.92	18.01	18.01

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.88/MWh becomes 1.888p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being [illegible]

Europeans disappointed as Bundesbank leaves rates unchanged

By Sara Webb in London and Frank McGurty in New York

The Bundesbank left its discount and Lombard interest rates unchanged at yesterday's council meeting, disappointing Europe's government bond markets, most of which ended lower on the day.

However, Sweden's Riksbank announced a long-awaited quarter-point reduction in its marginal rate, to 7.50 per cent from 7.75 per cent, prompting some profit-taking in the government bond market.

The reduction followed the release of favourable inflation figures – the consumer prices index dropped to an annual rate of 4.1 per cent in December from 4.9 per cent in November and was aided by the strength of the Swedish krone.

The Swedish bond market has enjoyed a fairly strong rally over the last two weeks, helped by expectations of a lower budget deficit, but yields rose quite sharply yesterday on profit-taking, dealers said.

Three-year yields climbed 17 basis points to 6.39 per cent while nine-year yields rose 6 basis points to 6.80 per cent.

■ The Bundesbank's decision to leave interest rates unchanged – with the discount rate at 5.75 per cent and the Lombard at 6.75 per cent – pushed prices down by about a quarter of a point.

"In theory it should have been good news for the long end of the bund market, as it shows the Bundesbank is firm about inflation, but that wasn't the actual effect," said Mr Ifty Islam, bond analyst at Merrill Lynch.

While the news on interest rates proved disappointing, reports that the central bank plans to reduce its reserve requirements caused a flurry of excitement in the market.

GOVERNMENT BONDS

The proposed changes, which take effect from March 1, were at first seen as likely to increase liquidity. However, the Bundesbank added that it would compensate for the liquidity effects of the reserve reduction by a reduction in the amount of money available through securities repurchase agreements – a qualification which dampened the bund market's enthusiasm.

■ Hopes of an imminent cut in UK interest rates received a further setback, causing the UK government bond market to lose its recent momentum and short-dated gilts to close lower on the day.

The market opened on a firm note, continuing the previous day's strong rally in response to the latest retail sales and inflation figures.

However, expectations of a rate cut were dampened by comments from the chancellor of the exchequer and moves by the Bank of England yesterday.

Mr Kenneth Clarke, the chancellor, said the recovery in the UK economy was strong enough to withstand the tax rises which will take effect in April. He stressed the importance of preserving a steady recovery and keeping inflation down.

Meanwhile, the Bank of England sent a clear signal aimed at calming rate cut speculation in its money market operations. Short-dated gilts slipped on the news, but long-dated gilts remained firm on the good inflation background.

■ Japanese government bonds rallied in the wake of recent losses, but the main gains were made by the benchmark 10-year No. 157 bond, rather than in the other maturities, according to dealers.

The rally was sparked by rumours that the Bank of Japan would conduct its regular bond buy-back operations more frequently, dealers said. In recent months, the Bank of Japan has bought about Y80bn-Y100bn of bonds once a month.

■ US Treasuries gained ground across the maturity range yesterday morning after the Philadelphia Federal Reserve reported that economic activity in the region was moderating.

By midday, the benchmark 30-year government bond was 11/32 higher at 99 21/32, with the yield slipping to 6.271 per cent.

At the short end, the two-year note was 1/32 ahead at 100 11/32, to yield 4.046 per cent.

Before the advance, the market weathered a short-lived bout of selling after the announcement that US housing starts had climbed 6.2 per cent last month, to an annualised rate of 1.51m units, well ahead of a consensus forecast of 1.42m.

However, jitters over the pace of economic expansion were quelled later in the morning when the Philadelphia Fed reported that its January index of business activity had fallen to 34.2, compared with 42.4 the previous month.

$100m issue from Indian transport company

By Sara Webb

Great Eastern Shipping, the Indian transport group, has raised $100m through a fully underwritten equity issue.

INTERNATIONAL EQUITIES

Jardine Fleming and James Capel (part of the HSBC Investment Banking group), joint lead managers, bought the issue and then placed the shares with international investors.

The steady stream of Indian equity issues is expected to continue, investment bankers said, with several names already lined up tap the international capital markets.

Earlier this week, Indo Gulf Fertilisers and Chemicals, a private sector company, raised $100m with its offering of global depositary receipts. The GDRs were priced at $4.51 on Monday and traded at $5.50-$6.00 yesterday according to BZW, the lead manager.

Investment bankers point out that recent Indian issues have frequently attracted $1.5bn in demand in the book-building process, reflecting strong investor appetite.

Kleinwort Benson is currently holding roadshows for Indian Rayon, a rayon, cement and carbon black producer, which is hoping to raise about $125m with its GDR offering.

Videsh Sanchar Nigam, the state-controlled international telecommunications network, is expected to launch a large international equity offering this spring. Investment bankers expect the offering to raise more than $500m. Salomon Brothers and Kleinwort Benson are global co-ordinators.

EIB dominates activity on quiet day

By Conner Middelmann

A 10-year sterling bond for the European Investment Bank, two Swedish krona issues and a continued stream of structured floating-rate note deals dominated a quieter day in the Eurobond market.

The EIB issued £400m of 6 per cent bonds due November 2004, priced to yield the same as the 6¾ per cent gilt due 2004. While the pricing was the tightest of recent EIB sterling issues, the deal met good demand from overseas investors, especially in eastern Asia, said a syndicate official with lead manager Samuel Montagu.

"It is tightly priced if you look at it in isolation, but when you consider that our 6 per cent bonds due 1999 were launched at one basis point over gilts and have traded as much as five basis points through gilts, it looks fair," said an official at the Luxembourg-based bank.

Given that half a dozen banks had bid aggressively for the mandate at a yield spread of between zero and two basis points over gilts, "we felt comfortable that there would be sufficient demand to drive the issue," he added.

Much of the overseas demand for the bonds is attributed to the fact that they are easier for foreigners to trade than gilts.

INTERNATIONAL BONDS

In the Eurodollar sector, Mexico's Banco Nacional de Comercio Exterior (Bancomext) launched $1bn of 10-year bonds, the first Mexican global bond to be issued.

Joint lead managers Merrill Lynch and Goldman Sachs indicated a spread of 160-165 basis points over Treasuries, the tightest for any Latin American issuer to date. The issue will be priced today.

Yield-hungry investors were able to stock up on fresh supply in the Scandinavian sector, where two more Swedish krone issues were launched following offerings earlier this week from Swedish Export Credit and GECC.

The French financing agency Crédit Foncier de France issued SKr1.5bn of five-year bonds, priced at a spread of 20 basis points over the corresponding Swedish government bond, via Swiss Bank Corporation. Spintab, the Swedish mortgage lender, issued another SKr1bn of five-year bonds at 64 basis points over the benchmark, reflecting its lower rating. The lead manager was Morgan Stanley.

"The two issues were at opposite ends of the credit spectrum, so there wasn't too much overlap," said one trader.

The Nordic Investment Bank is set to issue SKr1.5bn of global five-year bonds soon via Merrill Lynch.

Swedish bonds' substantial yield pick-up over core European markets and hopes for further currency appreciation amid continued rate cuts – the Swedish central bank yesterday lowered its marginal rate by ¼ point – are spurring investor demand for Swedish bonds, traders said.

The Kingdom of Sweden issued Es10bn of five-year bonds via Banco Portugues de Investimento. Sweden is the second sovereign to have tapped the escudo sector after Ireland's Es15bn issue last October. The proceeds of the issue were swapped into floating-rate D-Marks, according to the lead manager.

Another raft of so-called corridor floating-rate notes with maturities of one and two years was issued yesterday, including borrowers such as General Electric Credit Corporation, Morgan Stanley Trust Company, Crédit Suisse Finance, Swedish Export Credit and the Commonwealth Bank of Australia.

● The province of Ontario is planning to launch its third global Canadian dollar bond issue and its first global US dollar floating-rate note in the near future, Reuter reports. The transactions will cover Ontario's remaining C$600m public borrowing requirements for the year ending March and provide pre-funding for 1994-95.

The Canadian dollar global transaction will be jointly led by Goldman Sachs, Nesbitt Thomson, ScotiaMcLeod and Daiwa Securities. The US dollar FRN will be jointly led by Lehman Brothers and Merrill Lynch.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
US DOLLARS							
Bancomext	1bn	(a)#	(a)R	Feb.2004	0.75R	(a) (5¾%-03)	G. Sachs/ Merrill Lynch
Morgan Guaranty Trust Co.‡	200	(b,c)	100.00R	Feb.1996	0.15R	-	Merrill Lynch Intl.
Paul Y-ITC Construction(d)§	100	(d)#	100.00	Feb.2001	2.50	-	Peregrine Capital
General Electric Cap.Corp.‡	100	(b,e)	100.00R	Feb.1996	0.20R	-	Kidder Peabody Intl.
Credit Suisse Finance‡	100	(b,e)	100.00R	Aug.1995	0.15R	-	CS First Boston
Swedish Export Credit(f)‡	100	(b,f)	100.00R	Feb.1995	0.15R	-	Morgan Stanley Intl.
Commonwealth Bk of Australia‡	75	(b,c)	100.00R	Feb.1996	0.15R	-	Goldman Sachs Intl.
STERLING							
European Investment Bank(g)	400	6.00	98.636R	Nov.2004	0.325R	flat (6¾-04)	Samuel Montagu & Co.
LIRE							
Rabobank Nederland	200bn	7.70	101.80	Feb.2004	2.00	-	Paribas Capital Markets
AUSTRALIAN DOLLARS							
SAFA(h)	100	6.25	100.80	Feb.1999	2.00	-	Hambros Bank
SWEDISH KRONOR							
Crédit Foncier de France	1.5bn	6.50	100.00R	Feb.1999	0.25R	+20 (11%-99)	Swiss Bank Corp.
Spintab	1bn	7.00	100.00R	Feb.1999	0.30R	+64 (11%-99)	Morgan Stanley Intl.
PESETAS							
DSL Finance	10bn	7.875	101.435	Feb.2004	1.875	-	BSN/ Midland Bank
ESCUDOS							
Kingdom of Sweden	10bn	8.30	101.20	Feb.1999	101.20	-	BPI
SWISS FRANCS							
Kuraya Corp.(j)★§	140	0.50#	100.00	Mar.1998	-	-	Nomura Bank (Switz.)
Rabobank Nederland(k)ф	100	2.25	100.00	Feb.2004	-	-	Merrill Lynch Cap.Mkts.

Final terms and non-callable unless stated. The yield spread (over relevant government bond) at launch is supplied by the lead manager. ★Private placement. §Convertible. фWith equity warrants. ‡Floating rate note. #Semi-annual coupon. R: fixed re-offer price; fees are shown at the re-offer level. a) Priced today at 160-165bp over Treasuries. b) Interest only accrues on days 3-mth Libor falls within specified ranges. c) Coupon: 3-mth Libor +1%. d) Fixing: approx 26/1/94. Coupon indicated at 4¾-5¼% and conv prem 15-20%. Callable, subject to 140% rule, from 3/2/96 at 103% declining 1% per annum to par. Overallotment option: $15m. e) Coupon: 3-mth Libor +¾%. f) Issue launched on 19/1/94 was increased to $200m. Coupon: 3-mth Libor +⅞%. g) Short 1st coupon. h) Issue launched 19/1/94 was increased to A$350m. j) Fixing: 26/1/94. Callable on 30/9/95 at 102½% declining ½% semi-annually. Callable, subject to 150% rule, on 30/9/94 at 101¾% declining ¼% semi-annually. Conv price revision 23/2/96. k) Denom.: SFr5,000 +58 3-yr wrts. 250 wrts entitle holder to basket of Swiss insurance registered shares at SFr12,380.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		9.500	08/04	120.7400	−0.370	6.32	6.34	6.64
Belgium		7.250	04/04	104.8900	−0.040	6.57	6.53	6.56
Canada *		7.500	12/03	107.7500	−0.450	6.42	6.43	6.74
Denmark		7.000	12/04	108.0500	−0.320	5.97	5.93	6.22
France	BTAN	8.000	12/98	111.0900	−0.030	5.05	4.94	6.05
	OAT	6.750	10/03	107.9700	−0.130	5.66	5.66	5.77
Germany		6.000	09/03	102.4200	−0.280	5.66	5.62	5.66
Italy		8.500	01/04	100.9700	+0.050	8.35†	8.57	8.70
Japan	No 119	4.800	06/99	109.8710	+0.050	2.71	2.44	2.50
	No 157	4.500	06/03	107.8390	−0.230	3.40	3.05	3.18
Netherlands		5.750	01/04	100.7500	−0.350	5.65	5.60	5.68
Spain		10.500	10/03	117.4500	−0.030	7.86	7.99	8.30
UK Gilts		9.750	01/98	114-11	−4/32	5.65	5.81	5.84
		6.750	11/04	104-26	−3/32	6.07	6.26	6.18
		9.000	10/08	124-12	+3/32	6.42	6.62	6.47
US Treasury *		5.750	08/03	100-13	+5/32	5.69	5.65	5.80
		6.250	08/23	99-19	+3/32	6.28	6.24	6.29
ECU (French Govt)		6.000	04/04	100.6000	−0.090	5.92	5.89	6.07

London closing, *New York mid-day. Yields: Local market standard.
† Gross annual yield (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	131.12	131.08	-0.04	131.28	130.90	230,381	141,853
Jun	130.62	130.60	-0.02	130.74	130.44	3,187	11,337
Sep	129.74	129.72	-0.02	129.74	129.74	2	1,140

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	Calls Feb	Calls Mar	Calls Jun	Puts Feb	Puts Mar	Puts Jun
129	-	2.20	-	-	0.12	0.61
130	-	1.34	-	0.05	0.28	0.94
131	0.27	0.64	1.00	0.24	0.61	1.40
132	0.03	0.23	0.63	-	1.15	2.03
133	-	0.05	0.34	-	-	-
134	-	-	-	-	-	-

Est. vol. total, Calls 43,168 Puts 69,085. Previous day's open int., Calls 286,183 Puts 332,789.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	100.62	100.35	-0.30	100.74	100.34	169471	154798
Jun	100.55	100.32	-0.29	100.65	100.35	610	2871

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	Calls Mar	Calls Jun	Puts Mar	Puts Jun
10000	0.66	1.10	0.31	0.78
10050	0.38	0.83	0.53	1.01
10100	0.20	0.62	0.85	1.30

Est. vol. total, Calls 16042 Puts 22854. Previous day's open int., Calls 194174 Puts 139684

■ NOTIONAL MEDIUM TERM GERMAN GOVT. BOND (BOBL)(LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	103.24	102.97	-0.31	103.24	102.95	2519	9397

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	118.75	118.53	-0.26	119.06	118.35	42325	91111
Jun	119.23	118.74	-0.31	119.30	118.76	1320	1775

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	Calls Mar	Calls Jun	Puts Mar	Puts Jun
11850	1.13	2.43	1.10	2.19
11900	0.88	2.19	1.35	2.45
11950	0.67	1.96	1.64	2.72

Est. vol. total, Calls 1706 Puts 890. Previous day's open int., Calls 47117 Puts 50722

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	106.44	106.38	-0.05	106.67	106.30	41,511	84,764
Jun	106.45	106.31	-0.03	106.49	106.32	437	7,693

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	120-13	119-29	-0-03	120-13	119-23	85774	100145
Jun	119-14	119-08	-0-03	119-18	119-14	203	395

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	Calls Mar	Calls Jun	Puts Mar	Puts Jun
119	1-30	1-63	0-36	1-47
120	0-57	1-31	0-63	2-15
121	0-31	1-05	1-37	2-53

Est. vol. total, Calls 4846 Puts 5989. Previous day's open int., Calls 89958 Puts 67427

Ecu

■ ECU BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	121.80	121.82	-0.08	121.94	121.64	3,617	15,533
Jun	96.94	96.92	-0.04	97.02	96.94	180	70

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Mar	115-28	115-29	+0-01	115-29	115-16	262,951	321,987
Jun	114-24	114-26	+0-01	114-26	114-14	1,501	17,758
Sep	113-22	113-24	-0-04	113-24	113-16	1,630	22,057

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Mar	115.86	-	-	115.86	115.60	2965	0
Jun	114.65	-	-	114.65	114.63	150	0

* LIFFE contracts traded on APT. All Open interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price Indices UK Gilts	Thu Jan 20	Day's change %	Wed Jan 19	Accrued interest	xd adj. ytd		Low coupon yield Jan 20	Jan 19	Yr. ago	Medium coupon yield Jan 20	Jan 19	Yr. ago	High coupon yield Jan 20	Jan 19	Yr. ago
1 Up to 5 years (26)	129.74	−0.02	129.77	1.78	0.62	5 yrs	5.60	5.57	6.91	5.83	5.82	7.33	5.94	5.91	7.54
2 5-15 years (21)	163.63	.....	164.02	2.46	0.49	15 yrs	6.30	6.31	8.28	6.39	6.41	8.73	6.63	6.65	8.99
3 Over 15 years (8)	190.44	+0.28	189.90	0.93	1.64	20 yrs	6.41	6.43	8.56	6.42	6.45	8.94	6.65	6.67	9.07
4 Irredeemables (6)	230.30	+0.44	229.30	2.03	0.00	Irred.†	6.53	6.55	8.90						
5 All stocks (61)	157.90	+0.05	158.00	2.00	0.71										

Index-linked							Inflation 5% Jan 20	Jan 19	Yr. ago	Inflation 10% Jan 20	Jan 19	Yr. ago
6 Up to 5 years (2)	191.57	−0.09	191.74	1.51	0.00	Up to 5 yrs	2.14	2.17	2.38	1.23	1.39	1.51
7 Over 5 years (11)	193.21	+0.13	192.97	0.44	0.57	Over 5 yrs	2.88	2.90	3.81	2.70	2.74	3.61
8 All stocks (13)	192.10	+0.10	191.90	0.55	0.51							

Debentures and Loans						5 year yield Jan 20	Jan 19	Yr. ago	15 year yield Jan 20	Jan 19	Yr. ago	25 year yield Jan 20	Jan 19	Yr. ago
9 Debs & Loans (68)	159.01	+0.30	158.53	2.55	0.39	7.24	7.19	8.83	7.39	7.40	9.84	7.49	7.53	10.02

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	Jan 20	Jan 19	Jan 18	Jan 17	Jan 14	Yr ago	High*	Low*
Govt. Secs. (UK)	106.98	106.91	106.13	105.75	105.77	94.05	107.60	93.28
Fixed interest	133.78	132.78	131.57	131.54	131.64	108.89	133.78	108.67

* for 1993/94. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed Interest high since compilation: 133.78 (20/1/94), low 50.53 (3/1/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974

GILT EDGED ACTIVITY INDICES

	Jan 19	Jan 18	Jan 17	Jan 14	Jan 13
Gilt Edged bargains	145.8	138.6	101.6	123.6	123.7
5-day average	126.7	118.5	123.9	129.2	121.9

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:00 pm on January 20

	Issued	Bid	Offer	Chg.	Yield
U.S. DOLLAR STRAIGHTS					
Abbey Natl Treasury 6½ 03	1000	101⅜	101⅝		6.29
AlbertaProvince 9⅜ 95	600	108¼	108⅝	-⅛	4.40
Austria 8½ 00	400	114⅜	114⅝	+⅛	5.62
Bank of Tokyo 8⅜ 96	100	107⅞	108	+¼	4.75
Belgium 9⅝ 98	250	116½	116⅞	+⅛	5.36
BFCE 7¾ 97	150	108⅛	108⅝	+⅛	4.88
British Gas 0 21	1500	13¼	13⅝		7.54
Canada 9 96	1000	109	109⅜		4.42
CCCE 9¼ 95	300	105½	105⅞	-⅛	4.08
Cheung Kong Fin 6½ 98	500	97¼	97⅝	+⅛	6.18
Council Europe 8 98	100	107¾	108¼	+¼	4.68
Credit Foncier 9½ 99	300	117½	117⅞	+⅛	5.47
Denmark 9¼ 95	1571	105¾	106⅛	-⅛	4.09
ECSC 8¼ 96	193	109	109⅝	+⅛	4.61
EEC 8¼ 96	100	108⅛	108⅝	+¼	4.80
EIB 7¾ 96	250	107⅛	107⅝	+⅛	4.61
EIB 9¼ 97	1000	114¼	114⅝	+⅛	5.05
Elec de France 9 98	200	113⅞	114¼	+⅛	5.25
Eurofima 9¼ 98	100	109⅜	109⅞	+⅛	4.55
Ex-Im Bank Japan 8 02	500	112⅜	112⅝		6.08
Export Dev Corp 9½ 98	150	115⅞	116⅛		5.40
Finland 7⅞ 97	200	107⅝	108¼	+⅛	5.09
Finnish Export 9⅜ 95	200	108⅛	108½		4.47
Ford Motor Credit 6¼ 98	1500	103	103½	+⅛	5.50
Gen Elec Capital 9⅜ 96	300	110¼	110¾	+⅛	4.70
GMAC 9⅛ 96	200	108¼	108¾	+⅛	4.97
Ind Bk Japan Fin 7⅞ 97	200	107½	108⅛	+⅛	5.28
Inter Amer Dev 7⅝ 96	200	107¼	107⅝		4.63
Italy 6⅞ 23	3500	96⅛	96⅞		7.32
Japan Dev Bk 8⅜ 01	500	114⅜	114¾	+⅛	5.83
Kansai Elec Pwr 10 98	350	110⅞	111¼	+⅛	4.66
LTCB Fin 8 97	200	107⅛	107⅞	+⅛	5.36
Matsushita Elec 7¼ 02	1000	108⅝	108⅞	+¼	6.33
Nippon Cred Bk 10⅜ 95	150	107⅝	108⅛		4.82
Nippon Tel Tel 9⅜ 95	200	105⅝	106		4.11
Norway 7¼ 97	1000	107¼	107⅜	+⅛	4.81
Ontario 7⅜ 03	3000	107⅛	107½		6.43
Oster Kontrollbank 8½ 01	200	115⅛	115½	+⅛	5.84
Petro-Canada 7¼ 96	200	105⅜	106		4.73
Portugal 5¾ 03	1000	96¾	97		6.28
Quebec Hydro 9¾ 98	150	116	116⅝		5.75
Quebec Prov 9 98	200	112⅛	112⅜		5.67
Sainsbury 9⅛ 96	150	110¼	110⅞	+⅛	4.98
SAS 10 99	200	114⅜	115¼	+⅝	6.59
SBAB 9½ 95	500	105⅝	107⅛		4.35
SNCF 9½ 98	150	116⅛	116⅝		5.36
Spain 6½ 99	1500	104½	104¾	+¼	5.55
State Bk NSW 8½ 96	200	108⅛	108⅝	+⅛	4.88
Sweden 5½ 95	2000	102⅛	102⅜	+⅛	4.28
Swedish Export 8⅜ 96	700	107⅞	108¼	+⅛	4.95
Tokyo Elec Power 8¾ 96	300	109½	109⅞	+⅛	4.75
Tokyo Metropolis 8¼ 96	200	109	109⅜		4.73
Toyota Motor 5⅝ 98	1500	101½	101¾	+⅛	5.21
United Kingdom 7¼ 02	3000	108⅜	108⅝	+⅛	6.00
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
DEUTSCHE MARK STRAIGHTS					
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

	Issued	Bid	Offer	Chg.	Yield
United Kingdom 7⅛ 97	5500	106⅛	106¾	-⅛	5.10
Volkswagen Intl Fin 7 03	1000	104¼	104¾	+⅝	6.38
World Bank 0 15	2000	28¼	28½	-¾	5.94
World Bank 5¾ 98	300	103⅜	103¾		4.07
World Bank 8¼ 00	1250	117¼	117¾	-¼	5.41
SWISS FRANC STRAIGHTS					
Asian Dev Bank 6 10	100	114½	115	+⅛	4.73
Austria 4½ 00	1000	103¾	104		3.80
Council Europe 4¾ 98	250	103½	104	+⅛	3.80
EIB 6¾ 04	300	114¼	114½		5.00
Elec de France 7¼ 06	100	116½	117¼		5.35
Finland 7¼ 99	300	114	114½		4.42
General Motors 7½ 95	100	103¼	103¾		4.65
Hyundai Motor Fin 8½ 97	100	110¼	111	-¼	5.31
Iceland 7⅞ 00	100	116	117		4.71
Kobe 6⅝ 01	240	112	112¼		4.48
Ontario 6¼ 03	400	110¼	110½		4.82
Quebec Hydro 5 08	100	100⅜	101¼		4.92
SNCF 7 04	450	119¼	119½	+¼	4.67
World Bank 5 03	150	102⅞	103¼	-¼	4.63
World Bank 7 01	600	116¼	116½		4.30
YEN STRAIGHTS					
Belgium 5 99	75000	107⅞	108⅛	+⅛	3.50
Denmark 7 95	40000	104⅞	105⅛		2.15
EIB 6⅝ 00	100000	116¼	117	+¼	3.54
Elec de France 5⅝ 96	20000	107⅞	108⅜		2.62
Finland 6¾ 98	50000	108⅞	109⅛		2.51
Inter Amer Dev 7¼ 00	30000	121⅛	121⅜	+¼	3.47
Japan Dev Bk 5 99	100000	108⅞	109⅛	+⅛	3.26
Japan Dev Bk 6½ 01	120000	117¾	118	+½	3.79
Nippon Tel Tel 5⅞ 98	50000	108⅜	108⅝		2.58
Norway 5⅛ 95	60000	103¼	103½		2.34
SNCF 6¾ 00	30000	117⅜	117⅝	+⅛	3.54
Sweden 5⅝ 95	20000	105⅜	105⅞		2.32
World Bank 6¾ 00	50000	117½	117¾	+⅛	3.53
OTHER STRAIGHTS					
Arbed 7½ 95 LFr	600	100¼	101¼		6.91
Genfinance Lux 9⅛ 99 LFr	1000	108	110		7.00
World Bank 8 98 LFr	1000	103⅛	104⅛		6.44
Bank Voor Ned Gem 7⅞ 02 Fl	1000	109½	109⅞		6.20
Energie Beheer 8¾ 98 Fl	500	113	113⅜		5.59
AlbertaProvince 10⅝ 98 C$	500	111⅛	111½		4.83
Bell Canada 10⅝ 99 C$	150	117⅞	118½	-⅛	6.62
British Columbia 10 96 C$	500	111	111⅜		4.94
EIB 10⅛ 98 C$	130	116½	117¼	+⅛	5.55
Elec de France 9¾ 99 C$	275	116½	116⅞		6.18
Gen Elec Capital 10 96 C$	300	110⅝	111		5.13
KfW Intl Fin 10 01 C$	400	118⅝	119⅛	-¼	6.63
Nippon Tel Tel 10¼ 99 C$	200	118¾	119¼		6.25
Ontario 8 03 C$	1500	107⅜	107¾	-⅛	7.02
Ontario Hydro 10⅞ 99 C$	500	120⅛	120½	-⅛	6.21
Oster Kontrollbank 10¼ 99 C$	150	118⅜	118⅞	+⅛	6.20
Quebec Prov 10½ 98 C$	200	117⅞	118⅛		6.13
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

	Issued	Bid	Offer	Chg.	Yield
Alliance Leics 11⅛ 97 £	100	115¾	116⅛	+⅛	5.95
British Gas 12¾ 95 £	300	107½	107⅞	+⅛	5.30
British Land 8⅞ 23 £	150	107⅝	108⅛	+¼	8.35
EIB 10 97 £	637	111⅜	112⅛		5.67
Halifax 10⅜ 97 £	100	112½	113		5.96
Hanson 10⅜ 97 £	500	113⅛	113½		6.32
HSBC Holdings 11.69 02 £	153	125⅝	126⅛	-¼	7.50
Italy 10½ 14 £	400	131½	131¾	+⅝	7.44
Japan Dev Bk 7 00 £	200	105⅜	105⅝	+⅛	6.00
Land Secs 9½ 07 £	200	117	117¼	+⅛	7.43
Ontario 11⅛ 01 £	100	123⅞	124⅛		6.76
Powergen 8⅞ 03 £	250	114	114⅜	+¼	6.77
Severn Trent 11½ 99 £	150	122	122½		6.57
Tokyo Elec Power 11 01 £	150	125¼	125⅝		6.56
World Bank 11¼ 95 £	100	107⅛	107⅝	-⅛	5.45
Abbey National 0 96 NZ$	100	85⅞	86⅞		5.79
TCNZ Fin 9¼ 02 NZ$	75	117¾	118¼	-⅛	8.45
CEPME 10 95 FFr	2000	105⅞	106⅛		5.59
Elec de France 8¾ 22 FFr	3000	128	128½	+⅛	6.55
SNCF 9¼ 97 FFr	4000	111⅜	111¾	-⅛	5.31

FLOATING RATE NOTES

	Issued	Bid	Offer	C.cpn
Banco Roma 0 99	200	99.47	99.67	3.3750
Belgium 1/16 97 DM	500	99.98	100.05	6.4375
BFCE -0.02 98	350	99.87	100.00	3.4175
Britannia 0.10 96 £	150	99.93	100.03	5.7875
CCCE 0.06 Ecu	200	99.82	99.96	6.8406
Citicorp Bkg ¼ 98	400	100.00	100.37	5.2500
Credit Lyonnais 1/16 00	300	100.04	100.46	5.0000
Denmark -⅛ 96	1000	99.60	99.70	3.1875
Dresdner Finance 1/16 98 DM	1000	99.94	100.03	6.5078
Elec de France ⅛ 99	400			5.2500
Ferro del Stat 0.10 97	420	99.84	100.07	3.4125
Finland 0 97	1000	99.98	100.08	3.4141
Halifax BS 1/16 95 £	350	99.98	100.04	5.5000
Ireland 0 98	300	99.78	99.93	3.4400
Italy ¼ 98	2000	100.55	100.83	3.5625
Leeds Permanent ⅛ 96 £	200	99.99	100.07	5.6250
Lloyds Bank Perp S 0.10	600	83.83	84.96	3.5375
Malaysia 1/16 05	650	100.15	100.49	5.2500
Nationwide 0.08 98 £	300	99.88	100.01	5.5468
New Zealand ⅛ 96	250	99.98	100.12	3.4590
Renfe 0 98	500	99.43	99.62	3.3750
Societe Generale 0 96	300	99.63	99.78	3.2812
Staatsbank Berlin -0.06 98 DM	6000	99.94	100.00	5.8125
State Bk Victoria 0.05 99	125	99.70	99.94	3.5344
Sweden 0 98	1500	100.21	100.29	3.5000
United Kingdom -⅛ 96	4000	99.87	99.93	3.1250

CONVERTIBLE BONDS

	Issued	Conv. Price	Bid	Offer	Prem.
Browning-Ferris 6¾ 05	400	52½	101⅜	102¼	+63.52
Chubb Capital 6 98	250	86	105⅝	107⅝	+14.30
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (three-month §above mean rate) for US dollars. C.cpn=The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

UK GILTS PRICES

Notes	Yield Int	Yield Red	Price £	+ or –	1993/94 High	1993/94 Low
Shorts (Lives up to Five Years)						
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Five to Fifteen Years						
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Over Fifteen Years						
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Undated						
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Index-Linked						
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Other Fixed Interest

Notes	Yield Int	Yield Red	Price £	+ or –	1993/94 High	1993/94 Low
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

● 'Tap' stock. ‡‡ Tax-free to non-residents on application. E Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds.

COMPANY NEWS: UK

Gestetner sees red as exceptional £50m bites

By Andrew Bolger

Exceptional charges of £50m sent Gestetner Holdings, the office and photographic equipment distributor, into a pre-tax loss of £33.2m in the year to October 31. This compared with profits of £27.1m last time.

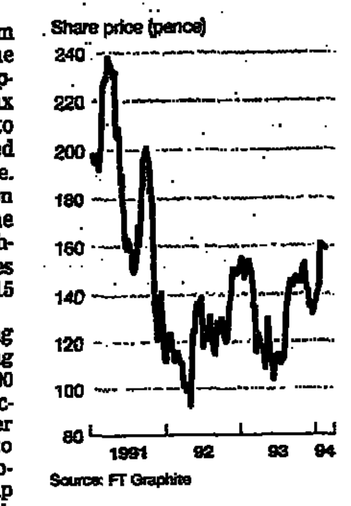
Most of the charges went on a restructuring programme flagged last May when Inchcape, the international services and marketing group, took a 15 per cent stake.

Mr Greg Melgaard, managing director, said the restructuring would involve the loss of 600 jobs, mainly in Europe, reducing the workforce to just over 10,000. After twice failing to sell Vivitar, its US photographic distributor, the group had decided to retain the business.

The group also said its margins were under pressure worldwide, with principal markets in Europe continuing to suffer from recession. Sales increased by 11 per cent to £1bn, but were only 1 per cent higher in constant currency terms. Trading profits from continuing operations before exceptional charges fell from £44m to £28.6m.

Mr David Thomson, who joined Gestetner as chairman from Rank Xerox in August, said: "Europe continues to suffer from the recession with only modest growth expected

Gestetner



Source: FT Graphite

during 1994. The global economic outlook remains uncertain, but the outlook for North America and Latin America is more optimistic and Asia offers opportunities for significant growth."

Sales of office automation products rose by 3 per cent in constant currency terms to £812m, but trading profits decreased from £51m to £29m.

Losses per share were 17.5p, compared with earnings of 12.1p last time. Before exceptionals, earnings fell to 5.8p (14.1p).

The final dividend is cut from 6.4p to 1.2p, leaving a total for the year of 3p (8.2p). The directors said the reduction reflected the need to strengthen the balance sheet to support a recovery in the trading position through 1994.

Net debt increased from £94.7m to £128.9m, raising gearing from 36 per cent to 66 per cent. The group said a significant reduction in debt was a management objective for the current year.

● **COMMENT**

The new management is taking sensible steps to focus a previously decentralised business and reduce its cost base, but is being forced to grapple with tough conditions in Europe. Hanging on to Vivitar also recognises brute necessity, since there is little point in disposing of a profitable business for a paltry price. Forecast profits of up to £25m put the shares, down 2p to 159p, on a prospective multiple of 15.8. Most interest focuses on whether Inchcape will raise its stake to 26 per cent by exercising an option on convertible loan stock at 172p per share by July 1. It seem most likely Inchcape will pursue its strategic interest in the group, which would help the share price. However, the shares are unlikely to advance significantly until the new boardroom approach produces some solid trading results.

Crest Packaging static at £2.4m after flotation costs

By Maggie Urry

Tough trading conditions and exceptional costs related to its flotation left interim profits from Crest Packaging, the flexible packaging and cartons group, flat at £2.43m, against £2.36m pro forma.

The shares, which were floated in November at 135p, fell 1p to 143p yesterday.

Mr Rodney Webb, managing director, said the results were in line with expectations.

Operating profits fell 12 per cent to £2.22m (£2.54m) in the 26 weeks to October 30, on sales 7 per cent higher at £21.6m (£20.2m).

There were exceptional flotation charges of £525,000, partly offset by a £400,000 release of provisions on site reorganisation. Interest swung from payable of £181,000 to receivable of £330,000.

Flexible packaging increased market share with sales up 12 per cent to £13.9m (£12.3m) in a flat market. Pressure on prices and reorganisation costs left operating profits marginally lower at £1.82m (£1.84m).

Cartons fared less well with turnover down 2 per cent to £7.72m (£7.87m) and profits 26 per cent lower at £640,000 (£870,000). However, Mr Webb said the division had borne heavy overtime costs on seasonal work for Christmas and Easter, which was not despatched to customers until after the half-year end.

In November 1991 the group sold eight acres of its 18 acre site in Gillingham, Kent, to Tesco for £21.3m, giving a net profit of £12.7m. In the half year Crest paid £3.7m tax on the sale and £1m to Bowater, previous owner of the site.

With capital investment of £2.9m, there was a cash outflow of £7.3m. Net cash at the half year end was £10.4m, down from a pro-forma £17.7m at April 30 last year.

The float costs boosted the tax rate, leaving earnings per share down at 3.63p (3.95p pro forma). Excluding the exceptionals, earnings rose 8 per cent to 4.27p. There is no interim dividend but Crest intends to pay a final in October.

Insurers report strong single premium business

By Alison Smith

Continued strong sales of single premium products over policies with annual premiums were reflected in figures for new business in 1993 from two of the UK's largest life companies.

Prudential Corporation said that within the UK its single premium sales had risen by 24 per cent to £2.44bn (£1.97bn), while annual premium sales fell by 12 per cent to £286m (£325m).

Within those totals there was an increase of 29 per cent in sales of single premium individual pensions to £403m. Annual premium sales of individual pensions fell by 9 per cent to £124m.

Meanwhile, Legal & General said that UK single premium business rose to £1bn (£736m). Annual premium business fell slightly to £142m (£143m).

The continuing interest in single premium products is seen as further evidence that people are more reluctant than previously to make long-term savings commitments, given the recent recession and economic uncertainties.

Both companies reported higher levels of business through independent financial advisers, one of the distribution channels available to them, along with direct sales forces and tied agents.

Prudential said that IFAs now accounted for more than one third of UK new business, while for Legal & General premium income from IFAs rose from 28 per cent to 34 per cent. L&G highlighted in particular the growth of single premium product sales through IFAs.

Prudential said the growth in its single premium life products came largely from sales of the Prudence Bond, which amounted to just over £1bn.

Other life companies showed a different pattern of business.

Commercial Union said that its new UK life and pensions business in 1993 contained an increase in annual premiums of 12 per cent, taking them to £63.1m, though its single premium new business fell by 31 per cent to £295m.

It pointed out, however, that worldwide single premium business had reached a record level in 1992.

Sun Alliance said similarly that while UK single premium new business was £264m, compared with £562m in 1992, the 1992 level represented an increase of just over 70 per cent on the previous year.

Its annual premium new business in the UK rose by 5 per cent to £82m.

Mr Trevor May, an analyst at BZW, said that the Prudential figures showed a fall in annual premiums slightly worse than the market had been expecting.

Prudential shares closed down 12p at 364p.

London and Manchester reported an overall increase in single premium business of 8 per cent to £238m, but annual premium business fell by almost a quarter to £31.5m.

The group said that this fall reflected the restructuring which it had completed in 1993.

Its shares fell by 23p to close at 413p.

NEWS IN BRIEF

ABERFORTH SPLIT Level Trust: Net asset value per unit share stood at 280.8p at December 31, an improvement of 12.2 per cent over the 250.3p standing at July 1. Available revenue for the half year to end-December rose from £804,000 to £829,000. Earnings per income share slipped to 5.02p (5.36p). A second interim dividend of 2p makes 4p (same) to date.

BEMROSE CORPORATION has received valid acceptances for its recent rights issue in respect of 6.15m new ordinary shares (97.23 per cent).

BLACK HORSE Relocation Services has become the first relocation management company to be registered by the British Standards Institute. It is registered under BS5750, the national standard for quality management systems.

BULA RESOURCES (Holdings) has raised about I£2.3m (£2.2m) in a placing of 68.18m new ordinary shares at 3.5p with an institutional investor.

CARLTON Communications' offer for Central Television has become unconditional after receiving acceptances for 21.1m shares (78.4 per cent). Together with shares already owned Carlton owns or has acceptances for 97.5 per cent of Central.

HARTSTONE has signed an extension to its existing standstill agreement to February 15 with the company's lenders and is continuing talks about providing ongoing bank facilities.

HEWDEN-STUART has acquired Brand & Rae, a maker of building blocks, from Irvine Rae for £413,000 in cash.

HICKING PENTECOST, through a 75 per cent-owned subsidiary, has acquired the business and certain assets of Alan Paine, a knitwear concern, from its administrative receiver for £1.16m.

INTERCARE GROUP has acquired E Bittner, London-based optical distributor for £760,848 – £423,240 cash and the balance via the issue of 208,400 Intercare shares. In 1993 Bittner showed a pre-tax loss of £158,369 and had net assets of £368,132 at December 31.

NOREX has received acceptances for its offer for Norex Corporation in respect of 2.84m shares, taking the shares it owns or has acceptance for to 6.91m or 73.4 per cent.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetables.

TODAY

Interims- British Bloodstock Agency, Hidong Estate, Shield.

Finals- Cardiff Property, LPA, Malvern UK Index Trust, St Andrew Trust, Selective Assets Trust.

FUTURE DATES

Interims-

Baillie Gifford Japan	Mar 2
Clayhithe	Jan 25
Dyson (J&J)	Jan 26
Fleming Overseas Tst	Feb 8
Lazard High Income	Feb 3
Markheath	Jan 28
Mid Wynd Intl	Feb 14
Pacific Horizon Tst	Feb 23
Finals-	
Baillie Gifford Ship	Feb 28
First Philippine Tst	Jan 28
Fleming American Tst	Feb 3
Heavitree	Feb 4
Hepworth	Mar 23
Vardon	Feb 16

Simon Eng aims for £40m from disposals

By David Blackwell

Simon Engineering, maker of access equipment including fire rescue gear, yesterday announced plans to raise £40m through disposals and warned of a small operating loss for the second half of 1993.

The disposals of both businesses and properties are part of a plan aimed at cutting debt and concentrating on core markets.

Since Mr Maurice Dixson became chief executive in a boardroom shake-out of the group in September, debt has declined from £148m to £128m.

The reduction has followed the sale of Simon's 50 per cent share in TR Oil Services last month for £6.2m and three smaller sales worth a total of £2.5m.

In addition, the group said it had introduced tight cash controls in the second half, resulting in a positive cash flow.

"We're making the progress that we said we would, and quite a bit is coming early in the cycle," said Mr Dixson yesterday. "This is not rhetoric, but real things happening."

Talks are continuing on the sale of Houston-based Unichem International to the Western Company of North America, which could raise up to £12m.

Discussions on property sales that could realise £10m were "at an advanced stage," the group said.

Shares in the group fell by 10p to 128p – still more than double the price when Mr Dixson was appointed.

An extraordinary meeting is scheduled for February 7 to seek approval for borrowings of up to £175m, "a limit the board considers to be prudent."

Without the increase, the group, which is still in discussions with its lenders in both the US and the UK, would be unable to secure continued financing.

Simon warned that in spite of "a significant improvement" at the operating level, it expects a small operating loss in the second half.

The pre-tax loss will also reflect a £90m write-down of goodwill carried in the reserves, in addition to the £10.6m already written off at half-way.

It also announced that it was making provision for expected losses on disposals of £2.9m for 1994; a provision of £7.3m to cover the early repayment of $125m of loan notes; and £1.5m above the £6m made at the half-way stage for refinancing.

US buyer for 14.5% of Aberdeen Trust

A US investment company yesterday bought 14.5 per cent of Aberdeen Trust, the fund management and accountancy services group.

Philadelphia International Investment, a wholly owned investment subsidiary of Corestates Financial, paid about £10m for 12.18m shares.

Corestates is a Philadelphia-based bank holding company with assets of $23.5bn (£15.8bn).

At the same time, the Merchant Navy Officers Pension Fund said that it had sold its 16.28m shares in Aberdeen.

The shares rose 2½p to close at 85½p.

Analysts revise Kingfisher forecasts

By Neil Buckley

Shares in Kingfisher, the retailing group, fell 37p to 678p after the company warned that trading conditions were still "patchy", and announced that total sales for the 24 weeks to January 15 were up 4 per cent.

After Dixons, the UK's largest electrical retailer which rushed out a profits warning earlier this month, Kingfisher is the only leading retailer to have issued what analysts called a "disappointing" trading statement.

Analysts cut their profits forecasts for the full year from between £300m and £320m to about £290m to £300m.

Like-for-like sales, which exclude store openings and closures, were up 4.4 per cent at B&Q, 3.9 per cent at Superdrug, and 3.3 per cent at Woolworth over the same period. But sales were down 3.3 per cent at Comet, and 7.1 per cent at Darty, France's biggest electrical chain which Kingfisher acquired for a total of £1bn last February. Sir Geoffrey Mulcahy, chairman, said Comet, like Dixons, had suffered from the price war in the computer games console market, but said that should not have come as a surprise. "This is a perfectly normal pattern with high-growth fashion products of this type," he said.


Lydia van der Meer

Sir Geoffrey Mulcahy: value retailing is the best way forward

Sir Geoffrey added that Darty had suffered from the French recession and he suspected the recovery in France "might be a bit later than we originally thought a year ago". He pointed out, however, that Darty's figures were "not dramatically out of line" with expectations.

He said operating margins were lower than the year before, but the fall had been planned and was part of Kingfisher's strategy of investing in providing better prices, range and service.

"You expect the investment has to come a bit ahead of the volume increase," he said. "I am confident that value retailing is the best way forward for Kingfisher."

See Lex

Conversion costs leave Budgens lower

By Peter Pearse

Budgens, the small food retailing chain 29.4 per cent owned by Rewe, the private German food retailer, yesterday reported pre-tax profits down £17,000 at £3.05m for the 28 weeks to November 7.

The figure was struck after exceptional costs of £618,000 for the conversion of nine Budgens stores into Penny Market outlets. In the comparable period there were store closure costs of £250,000.

At the trading level, profits rose 10 per cent, from £4.16m to £4.56m.

The shares eased 1p to 41p.

Mr John von Spreckelsen, chief executive, said that 1993 had been a difficult year for food retailing with margins under pressure throughout the period. However, he was pleased that trading margins improved from 2.7 to 3.01 per cent in the six months.

Turnover slipped 1.6 per cent to £151.8m (£154.2m), though the nine converted stores had been closed for an average four weeks each during conversion.

In April, Rewe, which has a chain of 1,800 Penny-Markt discount food stores, bought a 26.3 per cent stake from BIL Securities (Far East) for £23.5m. It has since raised its stake.

In October it underwrote the £30m issue of 5 per cent convertible unsecured loan stock 2003, subscribing £28.9m to the issue. If Rewe decides to convert at the first conversion date of September 1 1995, it will raise its holding to 46.2 per cent of Budgens' equity.

The proceeds were used for expansion of the Penny Market chain. Mr von Spreckelsen said there would be no more store conversions, only new building. Some 40 in total are planned in the two years from last November.

Earnings were a same-again 1.5p per share, and the group has resumed the payment of interim dividends with 0.3p this time.

Gateway changes name to Somerfield

By Neil Buckley

The Gateway banner is to disappear from the UK's high streets, after the grocery retailer said yesterday it was changing the name of its stores and the group to Somerfield, and launching a £100m store refit programme.

At the same time, Mr David Simons, chief executive, said the group had achieved a 12 per cent increase in like-for-like sales, which exclude new stores, for the four weeks to January 1.

He added that Gateway's sales since introducing its Price Check campaign of price reductions last May had increased by 20 per cent.

Mr Simons said the name change was an important part of the programme to revive the group's fortunes. "We wanted to unify the business behind one name," he said.

The Somerfield name, already carried by 60 shops launched four years ago, was chosen after trials involving eight modernised stores.

Four were badged Gateway, and four Somerfield, but Mr Simons said the latter scored better in customer research. He believed the change would not cause confusion, as Gateway shoppers would recognise the Somerfield name as that used on its own-label products.

The company plans three store conversions a week for at least the next two years. The refit cost is expected to be about £40 per sq ft – or more than £300,000 for an "average" store of 8,000 sq ft.

Gateway will spend another £100m over two years on introducing scanning into all its stores, plus new systems to improve efficiency.

Mr Simons said the investment would be funded largely out of profits, and was envisaged at last April's financial restructuring, when Gateway was ringfenced from all but £500m of the £1.4m debt of its parent, Isosceles.

"When we agreed the business plan with the banks it was understood that investment would be required if the group was to prosper," he said.

Gateway said it had seen double digit sales growth in the eight pilot stores.

The refit includes a change in the external colour scheme to turquoise, blue and red, new fittings and better signs.

Fresh food areas will be extended, and one innovation includes fitting calculators on all shopping trolleys.

Existing Somerfield stores will not be changed. Mr Simons said it was possible some Gateway stores might close in locations where there was more than one, but the planned expansion of the group's 26 Food Giant discount stores meant total floor space would remain little changed.

Stirling chief leaves after 'disagreement'

By Peter Pearse

Mr Peter Sheldon, chairman and chief executive of Stirling Group, the clothing manufacturer which supplies Marks and Spencer, has abruptly left the group.

His departure followed "a disagreement over the direction of the import division and his responsibilities within the group," it said.

However, Mr Sheldon said yesterday: "I do not believe the [group's] statement represents the situation. The action happened so suddenly and without warning, I need time to consider my position and to take further advice.

"I do not differ with the board as to the direction the import division should be taking."

In the interim results to September 30, Stirling's profits fell to £223,000 (£1.37m), partly because of losses on the imports side.

The division was affected adversely by three factors: the acquisition of Boftex, the UK importer with a Hong Kong-based sourcing operation, the loss of a large shirt importing contract and larger than expected reorganisation costs.

It is thought the board was united over recent decision to strengthen the division by introducing new management. The board now believes that the division should concentrate on its core customers, such as C&A and Burton.

Mr Sheldon, 53, joined Stirling in April 1990, with a brief to sort out its problems.

Mr Robert Coe, a non-executive director since 1989, has been appointed non-executive chairman. Mr Steven Bentwood is to be group chief executive.

City Site Estates back in black with £349,000

By Simon Davies

City Site Estates, the Glasgow-based property company, returned to the black in the year to September 1993, its first profit since 1989, as a result of profitable property sales and the absence of any further write-downs.

Pre-tax profits amounted to £349,000, compared with losses of £18.1m restated in accordance with FRS 3. The 1992 figures were held back by £15.3m in property write-downs and a £3m write-off of goodwill from an acquisition.

The company sold two properties during the year for £29m and reduced net debt by £20m to £71m.

City Site recently put Hansard House, London, up for sale at £11.4m – which would result in a book profit of close to £1m – and is looking to reinvest the proceeds in other property deals.

Mr Louis Goodman, managing director, said "we will be taking the company forward in an aggressive manner". Since September, City Site has signed purchase agreements on £6m of properties in Scotland.

The company still has a deficit of £3.7m on its distributable reserves, and is unable to pay dividends. It has applied to the Court of Sessions to transfer £1.7m from its capital redemption reserve, and with the continued appreciation in property valuations it is confident it will start to repay deferred preference share dividends at the end of the current fiscal year.

Rental income amounted to £9.93m (£11m) and operating profits were sufficient to cover net interest payable of £8.17m (£9.7m). Losses per share came through at 5p, against 120p.

NEWS DIGEST

Aim shares lose 15p as profits dive

Pre-tax profits at Aim Group, the maker of aircraft interior fittings, fell 58 per cent in the six months to October 31. And the second half is expected to be hit by the delay in a large contract.

The shares lost 15p to 150p. When the company warned of the difficulties with a Saab contract in November, the shares fell 30p to 143p.

On turnover 24 per cent lower at £15.5m (£20.4m), including £152,000 (£950,000) from property development, pre-tax profits were £1.18m (£2.82m). The comparable figure included £1.34m from profit on disposal of subsidiaries.

Earnings per share were 5.4p (15.9p) and the interim dividend is maintained at 1.5p.

John Lusty gets all clear for deals

Terms for the acquisition by John Lusty of Vaydean and Trustin-Kerwood have been given the green light by the group's accountants and accordingly, the maximum consideration of £3.64m, satisfied via the issue of 60.7m new ordinary shares, will become payable to the vendors.

Lusty agreed terms for the purchase in December with the proviso that Trustin achieved profits before tax of £435,000 for the nine months to end-December and had net assets at that date of £755,000.

The accountants certified that Trustin's pre-tax profits for the period amounted to £629,887 and that net assets of Vaydean and Trustin-Kerwood at the period end totalled £964,193, including in the case of Vaydean £194,000 of investment in Trustin-Kerwood.

Scottish Provident alters bonus system

Scottish Provident is switching to a two-tier annual bonus system for with-profits endowment policies.

Bonuses on the sum assured and on existing bonuses will be awarded at different rates – 4 per cent and 6 per cent respectively this year, compared with a level rate of 5.2 per cent last year.

Contra-Cyclical net assets advance

Contra-Cyclical Investment Trust reported net asset value per capital share of 56.8p at December 31, against 35.6p a year earlier.

Net revenue for this split capital trust for the nine months to end-December was £683,980 (£676,781), for earnings per income share of 8.55p (8.46p). An unchanged third interim dividend of 2.25p is declared, making 6.75p to date.

Bass Brewers to carry £10m cost

Mr Ian Prosser, chairman of Bass, told shareholders yesterday that first-half profits for Bass Brewers would be affected by an additional cost of about £10m in respect of end-product duty introduced in June.

However, this would be offset partially by an improvement in bad debts.

At Bass Taverns, profits to date were ahead of the comparable period. However, the reduced number of houses would effect profits by some £9m in the first half.

The shares fell 16p to 592p.

Dunedin Japan net asset value down

Dunedin Japan Investment Trust, which was launched at the end of July 1993 with assets of £19.3m, equivalent to 95.18p a share, reported a net asset value of 83.94p at December 31.

For the five month period net revenue amounted to £47,000, for earnings of 0.23p.

The trust, managed by Dunedin Fund Managers, aims to achieve above average long-term capital growth by investing in a diversified portfolio of Japanese equities.

Exmoor Dual Trust net assets rise

Exmoor Dual Investment Trust, the split-capital trust which concentrates its portfolio primarily on similar such trusts, had a net asset value per ordinary share of 68.3p at the three months to November 30 against 22.44p per share a year earlier.

Attributable revenue amounted to £153,873 (£165,583) for earnings of 1.74p (1.88p) per income share and a first interim dividend of 2.25p (2.5p) is declared.

The directors said it was their intention in the current year to pay dividends totalling not less than 9p (10.55p) per income share and 1.58p (1.85p) per ordinary share.

Golden Vale raises Danish stake to 66%

Golden Vale, the Irish dairy group, has exercised an option to acquire a further 33 per cent of Vejle Margarinefabrik, the Danish margarine company, bringing its holding to 66 per cent.

Golden Vale paid a further DKr25m (£2.47m) on December 31 to increase its original stake purchased in May. Its investment now amounts to DKr60m.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Aim	int	1.5	Apr 15	1.5	-	7.5
Budgens	int	0.3	Apr 14	nil	-	1
Carpetright	int	2.7	Feb 25	-	-	-
Contra-Cyclical	int	2.25	Feb 28	2.25	-	12.75
Geared Income	int	2♥	Feb 28	2	-	7.875
Gestetner	fin	1.2†	Apr 6	6.4	3	8.2
Hampson Inds	int	0.5	Mar 8	0.4	-	1.8
Hill & Smith	fin	4.1	Apr 7	3.9	6.2	5.625*
McKay Secs	int	2.1	Mar 31	nil	-	3.5
Ransom (William)	int	0.789	Mar 31	0.525	-	1.909
Wood (John D) §	int	0.75	Mar 1	nil	-	nil

Dividends shown pence per share net except where otherwise stated. †On increased capital. *Equivalent after allowing for scrip issue. §USM stock. ♥Third interim: makes 5.25p to date.

Market share advances from 6% at flotation to 9% and 20% is seen

Carpetright rises to £5.51m

By Maggie Urry

Carpetright, the retailer floated by Sir Phil Harris last year, reported interim profits of £5.51m in the 26 weeks to October 30, up from about £3m in the comparable 26 weeks of 1992 and £3.4m in the 28 weeks to November 14.

The shares, which were floated at 148p, yesterday fell 7p to 270p.

Sir Phil put the sharp rise in profits down to an increase in market share from about 6 per cent at the time of the float last June to about 9 per cent now, combined with a fast rate of new store openings.

Sales through comparable stores had risen by 19 per cent even though the carpet market was dull, falling by an estimated 5 per cent.

Carpetright's prices were 2 per cent or 3 per cent lower than a year ago, as the benefit of deals with suppliers was passed on to customers.

Group turnover was £50.5m in the half year, compared with about £35m last time.

The rise in volume led to an increase in net margins from 8.4 per cent to 10.4 per cent, while gross margins were unchanged at about 45 per cent.

An interim dividend of 2.7p is declared, with earnings per share at 4.66p. Sir Phil said the split between interim and final would be 40:60.

He was "quite satisfied" with current trading, sales and profits in the January sales being above budget. He said the recently announced merger of Allied and Carpetland would allow Carpetright to increase its target of stores in the UK from 200 to 240.

However, he said the faster than expected rate of opening stores, up from an annual 20-25 to 30-35, meant that the target would be reached over the same three year period. By then he expected to have about 20 per cent of the UK carpet market.

Trevor Humphries

Sir Phil Harris, left, with Ian Sneyd, finance director: cash balances improved from £8m to £15.6m over six months

Carpetright opened 13 stores in the first half taking the *total to 127. By the financial* year end there should be 147 stores.

After the proceeds of the *flotation were used to repay the* preference shares, the group increased its cash from £7.99m in the May 1 balance sheet to *£15.6m at October 30.* Interest received was £264,000 in the half year.

Sir Phil said eventually *Carpetright would like to buy* the freeholds of its shops, but these were currently too expensive. However, it planned *to invest* the cash in paying suppliers earlier in return for a discount. This would earn much more than keeping *the cash in the bank,* he said.

Airtours warns of higher interim losses

By Michael Skapinker, Leisure Industries Correspondent

Airtours, the travel group, yesterday warned shareholders to expect a significant increase in half-year losses as a result of recent acquisitions.

Mr David Crossland, chairman, told the AGM yesterday that while bookings were up, new acquisitions meant that seasonal profit fluctuations were likely to be higher. Holiday companies usually incur losses over the winter months and make their profits in the summer.

In the first six months of last year, Airtours recorded a pre-tax loss of £15.9m, including nearly £9m spent on its unsuccessful bid for rival tour company Owners Abroad. Full-year pre-tax profits increased by 25 per cent to £45.5m.

Mr Crossland said holiday bookings for winter 1993-94 were currently up 46 per cent on the same time last year. Summer 1994 bookings were ahead 56 per cent.

Over the past two years, Airtours has purchased Aspro, a tour operator, and the Hogg Robinson and Pickfords travel agency chains. Hogg Robinson and Pickfords have been combined to form a chain called Going Places.

Hill & Smith shows sharp recovery to £4m

Hill & Smith, the West Midlands-based steel stockholding, forging and fabricated products company, reversed its downward spiral with pre-tax profits sharply increased over the 12 months to September 30.

On turnover marginally ahead to £67m, profits improved from £1.53m, restated for FRS 3, to £4.03m. Profits had shown a steady decline over the previous three years, but Mr John Silk, chairman, said yesterday that all group business were profitable during the year, except the forging side and that was expected to return to the black in the next few months.

Earnings jumped to 9.91p (1.95p) and a final dividend of 4.1p lifts the total 10 per cent to 6.2p. The group also proposed its usual scrip issue, this time on a 1-for-10 basis.

Whinney Mackay-Lewis turns in reduced deficit

Continuing losses were yesterday reported by Whinney *Mackay-Lewis* for the six months to end-October, although a "significant improvement" is foreseen for the second half.

Helped by a lower interest charge of £12,000 (£244,000), the USM-quoted architect and planner turned in a reduced pre-tax loss of £282,000 (£353,000) on turnover of £1.3m (£1.97m). Losses per share, however, widened from 3.7p to 4.3p.

Mr Jeremy Mackay-Lewis, chairman, said the level of commissions and enquiries had continued to improve, and the order book had increased substantially in recent months.

Nevertheless, it could be a while yet before a resumption of dividends could be considered, he added.

Attwoods US arm pays $4.5m fine

By Peter Franklin

Eastern Waste Industries, a US *subsidiary of Attwoods, has* reached a settlement which concludes the US government's investigation into its business.

EWI has pleaded guilty to a charge of mail fraud, and has paid a $4.5m (£3m) fine.

The position which led to the investigation was first disclosed by Attwoods itself in an internal audit from which it appeared that there had been over-billing by EWI for landfill services. This had arisen some years before Attwoods' acquisition of the business.

EWI has made restitution, with interest, to every customer affected, more than 90 per cent of whom have continued to deal with the company.

Attwoods said that the provision made in the accounts for the 1992 year was sufficient for both the fine and all reimbursements to customers.

Legal costs are expected to total some $3m, and will be charged as an exceptional item in the accounts for the current year.

Attwoods is a leading waste management group, and provides services in the UK, mainland Europe, the US, the Caribbean and Israel.

McKay Secs rises 54% to £1.35m

McKay Securities, the property investor and developer, enjoyed a substantial benefit from lower interest rates and achieved a 54 per cent rise in pre-tax profits from a restated £877,000 to £1.35m in the first half to September 30.

Gross rental income was little changed at £4.46m (£4.47m) and property sales reduced borrowings by £7m to £30m. Interest payable declined to £1.47m (£2.07m).

Gearing was reduced from 84 per cent to 67 per cent.

Earnings per share were 4p (2.9p) and the interim dividend is restored with a payment of 2.1p.

Hampson jumps 47% and reviews expansion policy

By Paul Cheeseright, Midlands Correspondent

Hampson Industries, the West Bromwich-based diversified industrial group, checked the *trend of lower profits* with a 47 per cent increase in the first half, accompanied by an increased interim dividend.

The improvement is encouraging the group, which in the face of difficult markets had been seeking growth organically, to review expansion plans.

"We may bring our acquisitions policy forward somewhat, but there is nothing imminent," said Mr Ian Walker, managing director.

Pre-tax profits for the half year to September 30 were £2.48m, against £1.69m, achieved on turnover from continuing operations of £43.5m (£35.2m).

Diluted earnings per share rose from 1.5p to 2.16p, while the interim dividend is lifted 25 per cent to 0.5p.

The group reported better performances across its four main activities: furniture, precision engineering with a concentration on *aircraft* refurbishment, cleaning and aluminium refining.

The furniture operations were badly hit last year by the devaluation of sterling which suddenly raised imported raw material prices.

Changing the source of the materials and introducing new product lines led to a return to profit by last May, Mr Walker said.

The improvement has helped reduce gearing. It was 72 per cent at the end of the 1992-93 first half and Mr Walker *expects it to be just over 40 per* cent by the end of this financial year.

Hampson is finding the *upturn in its markets "patchy"* but expects "results for the second half to be an improvement on the corresponding period *last year"* although it would not forecast the size of a profits increase.

Board approach at Intl Food

By John Murrell

Directors of International Food Machinery *said* yesterday that approaches had been received from two parties interested in strengthening management and injecting working capital.

They added that the *approaches were at a* preliminary stage and that a further statement would be made as soon as practicable.

Commenting on the 1993 year, directors said that while no indication of the results could yet be given, trading in the last two months "continued to be poor."

For 1992 profits before tax totalled £1.65m. In the opening *six months of 1993 they rose* from £292,000 to £378,000 but in November the company warned that the full year figures were likely to be "substantially below" market estimates.

The food processing and *refrigeration* equipment company came to market in December 1992 with the shares priced at 51p.

They closed 3p lower yesterday at 20p.

John D Wood back in black

By Garry Rimmer

Turnover of John D Wood, the estate agent, expanded 36 per cent from £2.37m to £3.22m and resulted in a return to profits with £369,000 at the pre-tax level for the six months to October 31, compared with losses last time of £77,000.

Earnings per share were 2.9p (0.9p losses) and the USM-quoted company is returning to the dividend list – the last payment was 1.5p in 1991 – with an interim of 0.75p.

All eight of the group's London sales offices performed well, "the market having improved at all levels with the number of of sales increasing by over 50 per cent", directors pointed out.

They added that since the end of October the recovery in volumes and house prices had been sustained "and we expect this trend to continue".

Wm Ransom static at £0.29m

Static turnover and profits were yesterday reported by William Ransom, the pharmaceutical products maker, for the six months to end-September.

On turnover down from £3.4m to £3.31m pre-tax profits came out at £285,000 (£289,000). There was severe pressure on prices but the weaker pound boosted exports.

Earnings per share worked through at 1.22p (1.24p) and in line with the company's previously stated intention to reduce disparity, the interim dividend is increased by 46 per cent to 0.769p (0.525p).

The company also announced it had appointed Mr David Brown as chief executive.

Mr Brown, aged 53, is a qualified pharmacist and has held senior managerial positions with Amersham International and Serono Laboratories (UK). He will join the company on February 1.

Aluminium prices slide as producer talks drag on

By Our Commodities Staff

Aluminium prices fell back sharply at the London Metal Exchange yesterday as traders became increasingly nervous about the outcome of the Brussels meeting at which leading producing countries were seeking a multilateral solution to the supply glut that recently drove prices to all-time lows in real terms.

In the morning some delegates had appeared hopeful as they entered on an unscheduled third day of negotiations. "We are moving towards an agreement. . . hopefully today," an Australian official told the Reuter news agency. And Mr Georgy Gabunia, leader of the Russian delegation, claimed that his team was adopting "a very positive approach".

A flood of Russian material on to the world market following the collapse of the Soviet Union has been widely blamed for the present oversupply and there were indications on Wednesday that agreement had eluded delegates during the first two days of talks because of Russia's determination not to shift from its opening offer.

The early bullishness of the delegates was reflected at the LME, where the aluminium price for delivery in three months rose to $1,214 a tonne from Wednesday's close of $1,205.50.

But the mood seemed to have have changed as delegates emerged for the midday recess. Mr Gabunia was putting a brave face on things. "We are still talking," he told Reuter, "so we still hope to get an agreement." But a western diplomat reported that little progress had been made. "Most of the talking seems to have been between the US and the Russians," he added.

That apparent erosion of earlier confidence sapped the spirit of the market, and as an agreed news blackout ruled out further progress reports there was nothing to halt the ensuing price decline. As the talks dragged on into the evening the LME three months price closed at $1,186.75 a tonne, having touched $1,180 at one point.

Trade delegates were still struggling late last night to thrash out and agreement that would take enough aluminium capacity out of operation to give fresh heart to the market. Analysts believe cuts amounting to at least 1.5m tonnes a year, or about 10 per cents of current ouput, would be needed to achieve this.

● Daily average primary aluminium output in December 1993 was down to 40,500 tonnes from 40,700 in November and 41,900 in December 1992, provisional figures from the International Primary Aluminium Institute show.

Total production in December (31 days) was 1.256m tonnes, compared with 1.22m in November (30 days) and 1.3m in December 1992.

Brazilian move lifts coffee

By Deborah Hargreaves

Coffee prices staged a partial recovery after Wednesday's sharp fall and moved up $11 a tonne yesterday to $1,180 a tonne.

The market was buoyed by Brazil's announcement that it would rollover producers' debt, for which it is holding coffee as collateral. That means Brasilia will be able to hold on to the coffee rather than selling it in the open market. In fact, Brazil will enter the market again today when it stages its latest coffee auction.

Reports that the uprising in Mexico could affect the coffee crop also underpinned prices. Some estimates have put the loss to national production from rebel action as high as 20 per cent.

Colombia's decision to cut its export target by 1m bags to 11m bags because the harvest was turning out to be poorer than expected had already given support to the weak coffee market.

Coffee producers will meet in Guatemala today to review the retention scheme which came into operation in October. Although coffee prices have not risen much since the scheme came into operation, producers' actions have helped to support prices at their current level.

Placer Dome outbids Newmont for big Peruvian gold deposit

By Sally Bowen in Lima

Placer Dome, of Canada, through its newly-established Peruvian subsidiary, snapped up the option on a Peruvian gold deposit owned by state mining company Mineroperu at auction in Lima yesterday. It is Placer Dome's first Peruvian acquisition.

Placer Dome offered a total of US$87.1m over five years for the rights to the 3,500-hectare deposit known as Jehuamarca, in the northern department of Lambayeque. It will also commit $2.45m to development of the deposit.

The Canadian company, which is looking at a number of investment possibilities in Peru, outbid Newmont Mining, of the US, joint owner and operator of the recently-opened and hugely-profitable Yanacocha gold deposit in the department of Cajamarca. Newmont offered $3m and Anaconda, of Chile, in association with a Peruvian company, $1.8m.

Local representatives of Placer Dome described their offer as a "blow-out bid". "Geologically, it looks very attractive," said Mr Jose Antonio Olaechea, legal representative.

Jehuamarca was discovered in 1970 and has been partially explored with assistance from Japanese mining engineers. Initial tests indicate the ore contains around one gramme of gold per tonne, between 160 and 480 grammes per tonne of silver and up to nine per cent zinc. Placer will have three years to complete further studies before a definitive contract is signed.

Next on the Mineroperu sell-off calendar is its modern copper refinery located in the southern port of Ilo. The sale date is February 2 and five potential purchasers have been pre-qualified to bid - Southern Peru Copper Corporation and Cyprus Minerals, both from the US; Mitsui and Marubeni, of Japan; and Britain's Montagu Mining and Finance.

The Ilo refinery is up to date and relatively efficient. It presently exists solely to produce 99.99 pure copper cathodes from SPCC's blister under a tolling agreement. This requires SPCC to pay $300 a tonne, refined, considerably above the international norm, hence the US-owned company's interest in acquiring the refinery for itself.

The minimum price for Ilo has been set at $75m with an additional investment commitment of $20m over three years.

Comex board gives approval for merger with Nymex

By Laurie Morse in Chicago

The Board of Governors of New York's metals exchange, the Comex, gave the nod to a merger with its neighbour the New York Mercantile Exchange at a meeting Wednesday night.

Comex board approval is expected to set off an active lobbying effort to persuade members of both exchanges to vote for the merger.

Nymex and Comex members will receive a proxy statement detailing the merger proposal within four or five weeks, with a vote to be scheduled shortly afterward. A two-thirds majority of the Comex members voting and a majority of Nymex members voting is required to approve the merger.

Ireland's meat exports grow by 20 per cent

By Tim Coone in Dublin

Irish livestock and meat exports grew by 20 per cent in 1993 to I£1.6bn, reflecting a 75 per cent drop in sales into intervention and the growing success of Irish meat processors in penetrating retail markets in the UK and Europe.

According to CBF, the Irish livestock and meat board, beef export volume grew by 50 per cent to 400,000 tonnes. Of this 160,000 tonnes was sold to the UK, while a further 120,000 tonnes went to other European Union outlets.

Lamb and pigmeat sales were also buoyant, up 10 per cent and 11 per cent respectively, but CBF also warns of tightening profit margins compounded by an expected increase in red-meat production throughout the EU in 1994.

That warning was reinforced this week by Mr Denis Brosnan, the chief executive of Kerry Group, one of Ireland's leading food processors, who said that operating margins in red-meat production were down to only 2 per cent and that "it would not be inconceivable" that Kerry might pull out of the sector in the next three to four years if market conditions did not improve.

One of the problems for the beef processors is that much of the increase in cattle output has been accounted for by live exports, while throughput at meat export plants has declined by 6 per cent "to its lowest level since 1990", according to CBF.

The Irish cattle herd now stands at 7m head, its highest since 1979. The national sheep flock has declined by 3 per cent to 8.7m, the first drop in a decade, while the pig herd has continued to grow to a record level of 1.5m head.

MARKET REPORT

London silver market bounces

London SILVER prices bounced yesterday, moving past the technical target of 530 US cents an ounce for spot metal. But the market floundered as it approached its recent highs above 540 cents and closed at 532.50 cents a lb, up 7 cents on the day.

At the New York Commodity Exchange (Comex), however, the March futures price sustained an early fall to 522 cents an ounce before rallying in late trading to 528 cents, down 6.7 cents on the day. The New York silver market has been very volatile of late, with the March position registering a 23-cent swing on Wednesday. "Silver is fairly thin on Comex and just a few people can move the market," a London dealer explained.

The London GOLD price moved up cautiously early on but with physical interest scarce the gain was pared back to 90 cents at $392.30 an ounce.

"It is swamped by the paper side. Physical demand may indicate support areas but it cannot give the market a significant push," one dealer said.

At the London Commodity Exchange the COCOA futures market steadied in the afternoon after sustaining sharp losses before lunch. The May quotation closed £15 down at £908 a tonne after reaching £899 at one time.

Traders read little into the move, saying the market was still holding its recent wide range. "Until we break £900 or £948, then it's not a break into new territory," one commented.

London Metal Exchange contracts were generally lower, the exception being LEAD, which saw the three months position reach $524 a tonne before running into resistance. At the close it was quoted at $520.75 a tonne, up $10.25 on the day.

ZINC ended easier but underlying support towards $1,020 a tonne stemmed the fall.

Compiled from Reuter

FT GOLD MINES INDEX

Weekly values†	Jan. 19	% chg on week
Index	2,318.0	+0.3
Regional Indices		
Africa	3,039.9	-5.6
Australasia	2,982.3	+2.0
North America	2,009.5	+4.2
Gold PM Fix	$391.70*	+1.5

†Indicative. *Per troy ounce. Indices in US$ terms, based at 1,000 on 31/12/92. Daily publication will begin on 1/2/94.

UN's aid agency for small farmers faces funding crisis

By John Madeley

The United Nation's small farmer agency, the International Fund for Agricultural Development, is facing a financial crisis because the countries that provide funds have been unable to agree over replenishing its kitty.

Delegates from over 140 countries are to meet in Rome from January 26 to 28 for a crucial meeting of Ifad's governing council that could decide to look for alternative means of financing.

The Rome-based agency, set up in 1977, is jointly funded by western countries and members of the Organisation of Petroleum Exporting Countries. It makes interest-free loans to poorer farmers that are often missed by other agencies. In 1993, it committed US$268m to projects in 33 countries.

But funds have been shrinking after years of disputes between donors. In its early years, Ifad was receiving about $1,000m for its three-year work cycles and donors have agreed that it should receive $600m for its next three years' work.

Last October, however, Saudi Arabia, the biggest Opec contributor, announced that it would give only $3m, instead of the $30m it gave for the present cycle. The Saudis want Ifad to be funded in a different way.

The agency's president, Mr Fawzi Al-Sultan, of Kuwait, will propose at next week's meeting that a committee be set up to look at alternative ways of raising money. But this could take a year to report.

While other countries could make up the Saudi Arabian shortfall, donors such as Britain and Canada have cut their aid to developing countries. But the Netherlands and Scandinavian countries might be prepared to pay more. "The fund is very highly regarded and this could help to save it," said an official of a European donor country.

Ifad earns about $150m a year from its own investments and loans and has enough money for its work this year. But unless donors agree to replenish the fund, it may not be viable and will have to cut back or even close in 1995.

African countries would be the hardest hit if Ifad cut back or closed. About two-fifths of its loans have gone to Africa.

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1168-9	1186.5-7
Previous	1185-7	1205-6
High/low		1215/1181
AM Official	1182-3	1201-1.5
Kerb close		1187-8
Open int.	271,248	
Total daily turnover	75,397	

■ ALUMINIUM ALLOY ($ per tonne)

Close	1026-8	1050-3
Previous	1019-21	1043.5-5
High/low		1065/1047
AM Official	1040-5	1060-5
Kerb close		1060-5
Open int.	2,656	
Total daily turnover	462	

■ LEAD ($ per tonne)

Close	508-9	520.5-1
Previous	497-8	510-1
High/low		524/511
AM Official	502.5-3	515-6
Kerb close		519-21
Open int.	32,676	
Total daily turnover	6,865	

■ NICKEL ($ per tonne)

Close	5710-20	5775-80
Previous	5780-5	5845-50
High/low		5830/5740
AM Official	5690-5	5755-60
Kerb close		5770-80
Open int.	50,360	
Total daily turnover	6,109	

■ TIN ($ per tonne)

Close	4990-5000	5040-50
Previous	5005-10	5050-60
High/low		5060/5045
AM Official	4993-8	5045-50
Kerb close		5050-60
Open int.	17,820	
Total daily turnover	4,925	

■ ZINC, special high grade ($ per tonne)

Close	1015.5-6.5	1034-5
Previous	1016-7	1035-6
High/low	1008	1039/1020
AM Official	1008.5-9	1027.5-8.5
Kerb close		1036-9
Open int.	10,040	
Total daily turnover	22,751	

■ COPPER, grade A ($ per tonne)

Close	1859-60	1882-2.5
Previous	1863-4	1886-7
High/low	1857/1856	1898/1870
AM Official	1856-7	1880-0.5
Kerb close		1896-7
Open int.	260,832	
Total daily turnover	86,564	

■ LME AM Official £/$ rate: 1.4965
LME Closing £/$ rate: 1.4995

Spot:1.5007 3 mths:1.4934 6 mths:1.4878 9 mths:1.4836

■ HIGH GRADE COPPER (COMEX)

	Close	Day's change	High	low	Open int	Vol
Jan	86.50	-	86.50	86.15	966	199
Feb	86.55	-0.15	86.55	86.10	1,269	220
Mar	86.60	-0.10	86.90	85.95	38,917	11,005
Apr	86.45	-0.15	-	-	738	2
May	86.30	-0.20	86.50	85.90	9,743	2,020
Jun	86.35	-0.20	-	-	851	23
Total					66,945	4,093

PRECIOUS METALS

■ LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (Troy oz.)	$ price	£ equiv.
Close	392.10-392.50	
Opening	392.80-393.20	
Morning fix	392.40	263.179
Afternoon fix	391.80	261.461
Day's High	393.50-393.90	
Day's Low	391.60-392.00	
Previous close	391.20-391.60	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month ....2.76 6 months 2.79
2 months ....2.76 12 months 2.84
3 months 2.75

Silver Fix	p/troy oz.	US cts equiv.
Spot	355.85	532.00
3 months	360.35	535.90
6 months	364.80	540.35
1 year	373.05	549.80

Gold Coins	$ price	£ equiv.
Krugerrand	394-397	264-267
Maple Leaf	403.25-405.80	-
New Sovereign	92-95	62-65

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	low	Open int	Vol.
Jan	387.5	-4.8	-	-	-	-
Feb	387.9	-4.8	394.2	387.0	82,480	30,379
Mar	388.8	-4.8	390.0	389.0	14	6,594
Apr	390.0	-4.8	396.1	386.0	35,107	1,163
Jun	391.9	-4.8	398.0	391.0	24,982	301
Aug	393.9	-4.8	399.8	396.0	4,886	5
Total					157,772	39,109

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

Jan	389.0	-6.3	392.0	392.0	51	4
Apr	389.5	-6.3	396.3	387.5	15,819	1,062
Jul	391.0	-6.3	397.5	390.0	2,408	40
Oct	392.5	-6.3	397.0	391.0	379	3
Jan	393.9	-6.3	398.4	394.0	139	-
Total					18,797	1,105

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

Mar	124.20	-0.80	125.00	124.00	3,018	182
Jun	123.95	-0.80	125.00	124.00	1,229	84
Sep	123.70	-0.80	124.00	124.00	91	30
Dec	123.20	-0.80			75	1
Total					4,413	296

■ SILVER COMEX (100 Troy oz.; Cents/troy oz.)

Jan	525.4	-7.2	530.5	530.5	5	7
Feb	526.1	-7.2	-	-	1	2
Mar	527.5	-7.2	535.5	521.0	72,452	25,934
May	530.9	-7.2	538.5	525.0	14,873	822
Jul	534.1	-7.2	542.0	529.0	9,078	714
Sep	537.4	-7.2	536.5	535.5	2,655	11
Total					112,844	27,689

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel)

	Latest price	Day's change	High	Low	Open int	Vol
Feb	15.33	+0.11	15.35	15.10	25,182	46,133
Mar	15.15	-0.08	15.30	15.03	118,375	64,808
Apr	15.20	-0.10	15.37	15.12	44,682	20,261
May	15.31	-0.12	15.48	15.28	28,609	5,625
Jun	15.44	-0.12	15.57	15.40	40,061	3,554
Jul	15.60	-0.11	15.73	15.56	17,626	1,044
Total					422,989	148,505

■ CRUDE OIL IPE ($/barrel)

	Latest price	Day's change	High	Low	Open int	Vol
Mar	13.88	-0.16	14.12	13.85	22,563	18,919
Apr	13.81	-0.19	14.08	13.80	85,182	8,588
May	13.94	-0.18	14.17	13.94	32,281	2,778
Jun	14.28	-	14.28	14.25	11,211	298
Jul	14.43	+0.03	14.45	14.40	8,276	244
Aug	14.51	-0.05	14.63	14.48	6,663	527
Total					150,760	29,834

■ HEATING OIL NYMEX (42,000 US galls; c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
Feb	48.35	-1.73	50.45	48.15	40,272	17,625
Mar	46.70	-0.76	47.80	46.50	41,101	11,596
Apr	45.25	-0.31	45.60	45.05	26,732	3,787
May	44.65	-0.16	44.90	44.45	30,162	1,762
Jun	44.60	-0.16	45.00	44.50	21,338	1,561
Jul	45.05	+0.04	45.25	45.25	14,913	677
Total					202,384	38,375

■ GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Feb	144.00	-1.50	146.25	143.00	31,504	6,511
Mar	143.75	-1.00	145.75	143.00	19,015	4,114
Apr	142.75	-1.00	144.75	142.50	15,274	2,158
May	142.50	-0.50	144.25	142.50	8,196	349
Jun	143.25	-0.50	144.50	143.00	14,887	301
Jul	144.50	-0.50	145.75	144.50	7,839	155
Total					111,875	15,241

■ NATURAL GAS NYMEX (10,000 mmBtu; $/mmBtu.)

	Latest price	Day's change	High	Low	Open int	Vol
Feb	2.240	-0.012	2.275	2.200	20,790	20,901
Mar	2.128	+0.013	2.136	2.080	19,111	8,730
Apr	2.030	+0.011	2.030	2.000	16,818	3,991
May	1.980	-0.002	1.990	1.960	10,259	1,251
Jun	1.970	-0.010	1.970	1.940	7,142	888
Jul	1.960	-0.010	1.955	1.940	7,476	800
Total					133,649	41,666

■ UNLEADED GASOLINE
NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
Feb	41.95	+0.31	42.00	41.25	25,879	9,034
Mar	42.90	+0.21	43.00	42.50	31,800	7,070
Apr	45.95	+0.01	46.05	45.65	29,844	4,698
May	48.83	-0.06	48.90	48.60	30,446	1,722
Jun	47.40	-0.19	47.45	47.35	11,233	548
Jul	47.75	-	-	-	2,533	31
Total					135,867	23,093

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Jan	99.15	-0.10	99.25	99.00	22	6
Mar	100.10	-	100.15	99.95	1,761	55
May	101.10	-	101.10	100.95	1,780	47
Jun	101.65	-	-	-	196	-
Sep	90.70	+0.15	-	-	142	-
Nov	92.00	+0.40	92.00	91.70	693	40
Total					4,827	148

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

Mar	372/0	-1/6	376/0	365/0	126,105	45,735
May	350/0	-3/6	354/0	345/2	45,185	10,290
Jul	335/6	-4/0	339/4	332/4	74,660	31,735
Sep	336/4	-5/0	340/0	333/2	11,410	545
Dec	344/4	-5/4	349/0	341/4	12,355	1,370
Jul	322/0	-5/0	-	-	30	10
Total					269,745	89,685

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

Mar	297/6	+2/2	298/0	293/4	619,040	253,275
May	302/2	+1/6	302/4	298/0	441,770	101,115
Jul	303/4	+1/6	304/0	299/2	389,545	59,645
Sep	283/2	+0/2	284/0	282/2	72,075	5,520
Dec	266/2	-1/4	268/4	265/2	208,135	46,440
Mar	271/6	-1/4	274/0	271/6	13,150	1,995
Total					1,748M	468,125

■ BARLEY LCE (£ per tonne)

Jan	103.90	+0.05	103.85	103.85	29	6
Mar	105.15	-	-	-	715	-
May	106.25	+0.10	-	-	203	-
Sep	92.50	-	-	-	40	-
Nov	94.80	-0.05	-	-	58	-
Jan	96.75	-	-	-	-	-
Total					1,045	6

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

Jan	690/4	-9/0	699/4	688/0	4,855	8,790
Mar	697/4	-8/0	706/4	693/4	420,135	116,230
May	703/6	-7/4	712/2	699/4	193,015	22,215
Jul	703/4	-7/4	711/6	693/4	164,825	17,130
Aug	696/0	-7/0	703/0	692/0	27,580	1,190
Sep	669/4	-8/4	676/0	668/0	17,110	2,465
Total					914,395	182,520

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

Jan	29.50	-0.71	29.92	29.32	2,374	2,008
Mar	29.75	-0.51	30.05	29.41	45,408	7,994
May	29.58	-0.37	29.80	29.20	20,506	1,956
Jul	29.04	-0.36	29.25	28.71	14,845	1,564
Aug	28.52	-0.38	28.75	28.30	5,160	163
Sep	27.83	-0.29	28.00	27.62	4,417	56
Total					101,407	14,628

■ SOYABEAN MEAL CBT (100 tons; $/ton)

Jan	191.0	-3.9	195.0	190.5	525	927
Mar	193.7	-2.2	196.7	193.0	38,953	9,870
May	195.1	-2.2	198.0	194.8	18,226	1,391
Jul	196.4	-1.7	199.3	195.8	15,480	2,077
Aug	195.2	-1.3	197.5	194.8	5,769	56
Sep	193.5	-2.0	196.0	193.5	3,140	56
Total					86,379	15,169

■ POTATOES LCE (£/tonne)

Mar	135.0	-	-	-	34	-
Apr	103.8	+1.0	103.0	102.9	1,800	41
May	123.5	+2.3	-	-	731	-
Jun	130.0	-	-	-	2	-
Nov	85.0	-	-	-	-	-
Mar	105.0	-	-	-	-	-
Total					2,565	41

■ FREIGHT (BIFFEX) LCE ($10/index point)

Jan	1235	+9	1235	1230	744	5
Feb	1253	+3	1240	1239	234	6
Mar	1284	-4	1280	1275	160	16
Apr	1296	+11	1300	1280	1,023	16
Jul	1170	+18	-	-	224	-
Oct	1310	-	-	-	221	-
Total					2,660	44

	Close	Prev
BFI	1242	1243

Wool

The main wool markets moved more strongly ahead this week. Extra fine merino fleece was in particularly strong demand at Geelong, and prices moved up quite sharply in this speciality sector. Other merinos were dearer, in South Africa as well as Australia. The increases were enhanced, directly or indirectly, by recent marked appreciation of the Australian dollar against the US dollar and thus against European and Far Eastern currencies on which the leading wool consuming countries base their costs. There has been limited support from buyers further down the line but confidence is better. The special British wool situation, with isolated buyers oversold and forced into urgent covering, which led to inflated prices at sales just before Christmas appeared to become less important as prices eased a little at this week's Bradford auction.

SOFTS

■ COCOA LCE (£/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	901	-13	924	890	31,315	1,905
May	903	-15	912	899	14,766	1,835
Jul	919	-15	922	915	10,135	885
Sep	933	-14	940	929	10,553	732
Dec	946	-16	953	944	14,439	793
Mar	959	-16	967	959	24,940	495
Total					122,861	7,252

■ COCOA CSCE (10 tonnes; $/tonnes)

Mar	1112	-9	1132	1105	30,764	8,739
May	1148	-9	1168	1141	17,157	2,373
Jul	1172	-18	1196	1169	10,752	442
Sep	1199	-11	1217	1195	6,975	430
Dec	1229	-8	1246	1227	6,453	204
Mar	1254	-8	1250	1250	7,507	56
Total					89,315	12,319

■ COCOA (ICCO) (SDR's/tonne)

Jan 19	Price	Prev. day
Daily	921.43	928.48
Jan 20		
10 day average	924.54	923.49

■ COFFEE LCE ($/tonne)

Jan	1168	+12	1165	1155	438	78
Mar	1181	+11	1181	1160	15,097	3,692
May	1187	+11	1188	1170	11,291	1,373
Jul	1175	+7	1177	1165	3,029	1,373
Sep	1178	+7	1179	1166	1,521	466
Nov	1176	+3	1180	1170	894	107
Total					122,861	7,252

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

Mar	74.65	+2.15	75.40	72.80	33,792	9,940
May	76.25	+2.10	77.00	74.60	13,066	2,584
Jul	77.70	+2.05	78.40	76.15	4,035	304
Sep	78.95	+1.80	79.40	77.75	2,657	285
Dec	80.55	+1.55	80.15	80.05	1,584	242
Mar	82.35	+1.80	-	-	769	4
Total					55,929	13,359

■ COFFEE (ICO) (US cents/pound)

Jan 19	Price	Prev. day
Comp. daily	68.35	69.84
15 day average	68.91	69.12

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs)

Mar	10.55	+0.03	10.52	10.52	1,130	10
May	11.05	-0.02	11.03	11.03	917	5
Jul	11.28	+0.01	11.27	11.27	2,863	5
Oct	11.04	-0.01	-	-	54	-
Total					4,964	20

■ WHITE SUGAR LCE ($/tonne)

Mar	288.80	+0.40	289.50	288.00	6,475	488
May	288.30	+0.70	289.00	287.00	3,729	459
Aug	292.60	+0.50	293.60	292.00	1,610	265
Oct	281.00	+0.20	282.30	280.20	2,000	208
Dec	280.30	+0.50	280.50	280.50	80	9
Mar	280.30	-0.50	281.00	281.00	83	1
Total					13,958	1,428

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

Mar	10.33	+0.05	10.47	10.32	43,362	13,922
May	10.73	+0.06	10.84	10.71	30,138	6,093
Jul	10.76	+0.04	10.85	10.75	15,642	1,121
Oct	10.72	+0.03	10.80	10.76	15,672	1,125
Mar	10.74	-	10.80	10.76	3,215	453
May	10.74	-	-	-	111	2
Total					108,311	22,724

■ COTTON NYCE (50,000lbs; cents/lbs)

Mar	72.30	+1.01	72.50	70.60	21,779	5,802
May	73.34	+1.19	73.45	71.45	15,618	4,664
Jul	74.07	+0.89	74.20	72.30	8,017	2,962
Oct	71.45	+0.55	71.50	70.45	1,667	517
Dec	69.60	+0.30	69.70	68.40	8,122	976
Mar	70.45	-	-	-	80	19
Total					55,333	16,023

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

Mar	110.40	-0.10	111.10	108.25	251	120
May	112.80	-0.30	113.25	110.75	11,636	1,636
Jul	114.80	-0.30	115.10	113.50	2,518	243
Sep	116.80	-0.20	115.50	115.50	1,119	21
Nov	118.55	-0.20	118.00	117.00	753	2
Jan	119.95	-0.30	120.00	120.00	258	4
Total					16,974	2,030

VOLUME DATA
Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME and CSCE are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

Jan 20	Jan 19	month ago	year ago
1692.4	1702.7	1683.8	1706.7

■ CRB (Base: 4/9/56=100)

Jan 19	Jan 18	month ago	year ago
226.58	227.42	224.90	201.84

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Feb	73.075	-0.125	73.450	72.900	27,777	6,068
Apr	75.650	+0.025	75.975	75.400	28,303	5,230
Jun	73.975	+0.075	74.250	73.750	18,363	1,513
Aug	72.650	+0.225	72.925	72.600	9,673	1,092
Oct	72.850	+0.075	73.000	72.750	5,567	338
Dec	73.850	+0.275	73.850	73.650	1,805	486
Total					92,787	14,692

■ LIVE HOGS CME (40,000lbs; cents/lbs)

Feb	47.450	-0.100	47.825	47.300	7,401	2,206
Apr	48.800	-	49.250	48.625	10,094	1,455
Jun	54.025	+0.225	54.175	53.750	6,871	683
Jul	53.275	+0.025	53.600	53.175	2,956	203
Aug	51.925	+0.050	52.100	51.750	1,949	101
Oct	48.625	-0.075	48.900	48.600	1,561	108
Total					31,820	4,794

■ PORK BELLIES CME (40,000lbs; cents/lbs)

Feb	54.850	+0.050	55.075	54.600	4,315	2,141
Mar	55.275	-0.050	55.600	55.100	2,303	1,005
May	56.650	+0.050	56.800	56.400	2,492	489
Jul	57.100	-0.325	57.375	56.850	1,756	128
Aug	54.775	-0.700	55.600	54.775	283	40
Total					11,149	3,803

LONDON TRADED OPTIONS

Strike price $ tonne	Calls		Puts	
■ ALUMINIUM (99.7%) LME	Apr	Jul	Apr	Jul
1175	58	78	44	47
1200	46	65	57	60
1225	36	54	72	72
■ COPPER (Grade A) LME	Apr	Jul	Apr	Jul
1850	83	108	46	55
1900	57	82	70	78
1950	38	60	100	105
■ COFFEE LCE	Mar	May	Mar	May
1150	48	136	17	99
1200	22	112	41	126
1250	8	93	77	156
■ COCOA LCE	Mar	May	Mar	May
900	16	53	25	45
925	19	43	43	60
950	12	34	61	76
■ BRENT CRUDE IPE	Mar	Apr	Mar	Apr
1350	-	-	26	51
1400	40	68	49	73
1450	22	42	-	-

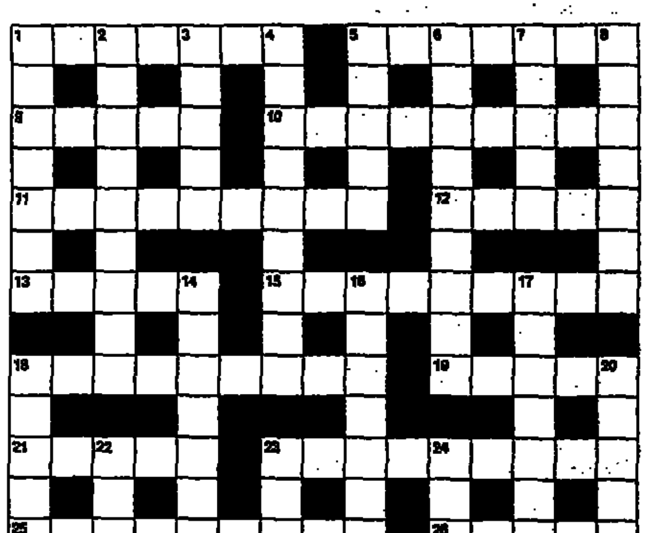
LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel/Mar)		+or-
Dubai	$12.60-2.90w	-.075
Brent Blend (dated)	$14.11-4.14	-0.01
Brent Blend (Mar)	$13.84-3.86	-.095
W.T.I. (1pm est)	$14.99-5.03w	-0.08
■ OIL PRODUCTS NWE prompt delivery CIF (tonne)		
Premium Gasoline	$144-146	
Gas Oil	$148-150	-1.5
Heavy Fuel Oil	$66-67	+2.0
Naphtha	$128-131	-1.0
Jet Fuel	$165-167	-2.0
Petroleum Argus Estimates		
■ OTHER		
Gold (per troy oz)♣	$392.30	+0.90
Silver (per troy oz)♣	532.5c	-3.00
Platinum (per troy oz.)	$391.50	-1.75
Palladium (per troy oz.)	$124.25	-0.65
Copper (US prod.)	91.0c	
Lead (US prod.)	35.00c	
Tin (Kuala Lumpur)	13.40r	-0.09
Tin (New York)	233.50c	-1.00
Zinc (US Prime W.)	Unq.	
Cattle (live weight)†	122.99p	-0.10*
Sheep (live weight)†♠	104.81p	+6.34*
Pigs (live weight)	66.55p	+0.35*
Lon. day sugar (raw)	$253.60	-1.10
Lon. day sugar (wte)	$289.50	+0.60
Tate & Lyle export	$281.00	-0.50
Barley (Eng. feed)	£108.25	
Maize (US No3 Yellow)	£127.00v	
Wheat (US Dark North)	£143.50	
Rubber (Feb)¥	61.25p	+0.25
Rubber (Mar)¥	61.50p	+0.25
Rubber(KL RSS No1 Feb)	221.0m	
Coconut Oil (Phil)§	$580.0x	+12.5
Palm Oil (Malay.)§	$407.5t	+2.5
Copra (Phil)§	$390.0	+10.0
Soyabeans (US)	£208.0y	-4.0
Cotton 'A' index	70.70c	+0.40
Wooltops (64s Super)	360p	+10

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. y Feb/Apr w Mar. z Jan/Mar. v Feb. t Feb/Mar. x Mar/Apr. ¥ London Physical. § CIF Rotterdam. ♣ Bullion market close. ♠ Sheep (Live weight prices) * Change on week, provisional prices.

CROSSWORD

No.8,359 Set by GRIFFIN



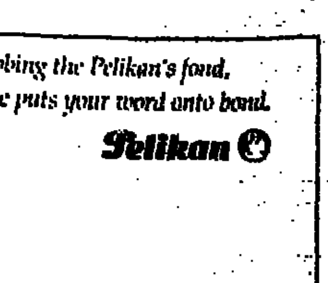
ACROSS

1 Supplied railway works (7)
5 Pop home to ring young male peer (7)
9 Crack journalist yawned (5)
10 Store erosive liquid in empty reactor (9)
11 Silly dope grabs iron when tormented (9)
12 She's back in with noted engineer (5)
13 If left in gather it soothes (5)
15 Men copy it out of helplessness (9)
18 Concerning clutch in vehicle of janitor (9)
19 Men roller-skating holding record (5)
21 "Ladies" sign on front wall (5)
23 Writer resolved to ban pill (9)
25 Audiences once found it illuminating (9)
26 Refuse because in wet ground (5)
27 Rejected double parking - it brings praise (7)
28 With abrupt "yes" returns respectful gesture (7)

DOWN

1 Obtained cigarettes without getting something to eat (7)
2 Disliked turning up on Paul last December (9)
3 Avoid scoundrel, taking old Penny home, last (5)
4 Standard of cart raised by staff (9)
5 Asked to start performing does broadcast (5)
6 Strange letter on about midnight spectacles (9)
7 Took the wheel in a Land Rover (5)
8 Tend to try going topless where one finds bloomers! (7)
14 Fish tend to swim round when caught (9)
16 Pity Carla gets drunk (9)
17 New cars in S. American plant (9)
18 To intimidate creep is a bloomer (7)
20 Gamble with fate; go without sweetheart! (7)
22 Mother squeezes blackhead - could be deadly! (5)
23 Intolerant person it's great to upset (5)
24 Prisoner by Royal command (5)

Solution 8,358



LONDON STOCK EXCHANGE

MARKET REPORT

Share prices dip as confidence is challenged

By Terry Byland, UK Stock Market Editor

Optimism was punctured across the range of the UK stock market yesterday, after the Bundesbank made no move on interest rates and the second line stocks reacted from the tumult of the previous session. The blue chip stocks moved nervously after hopes for an early cut in base rates found little support from the UK chancellor of the exchequer, and it was left to specific corporate situations to provide the features.

Confidence in the progress of the domestic economy was challenged before the session by a gloomy report from the British Chambers of Commerce. Strength in sterling also discouraged investors in the leading UK export companies.

The FT-SE 100 Index moved erratically, reflecting the new uncertainties in the market following the significant outperformance of the FT-SE Mid 250 Index since the turn of the year.

An early fall of 12 points on the FT-SE 100 was quickly recovered with the help of the December contract in the stock index futures sector. A strong gain in Guinness shares on the restructured link with LVMH, the French luxury goods and drinks group, and in a handful of other leading stocks, boosted the Footsie.

But support waned after the meeting of the Bundesbank policy council failed to produce favourable news on interest rates, and the index soon showed a net fall of 16 points. There was little significant selling, however, and share prices steadied as Wall Street opened with a gain of 5 Dow points in UK trading hours.

Account Dealing Dates		
*First Dealings:		
Jan 4	Jan 17	Jan 31
Option Declarations:		
Jan 13	Jan 27	Feb 10
Last Dealings:		
Jan 14	Jan 28	Feb 11
Account Day:		
Jan 24	Feb 7	Feb 21

*New time dealings may take place from two business days earlier.

The final reading put the FT-SE 100-share Index at 3,470 for a final loss of 5.1 points. The FT-SE Mid 250 Index, which was driven ahead so strongly on Wednesday by options-related dealings, fell steadily to close 43.4 off at 4,105.4.

Dealers said that, once again, the UK stock market appeared sharply divided. The leading 100 stocks, which are dominated by the big fund managers, lacked direction. Many managers wanted to increase investment in the Mid 250 range which has outperformed the Footsie this month, but found it very difficult to get cash into what are often extremely tight markets in these second line issues.

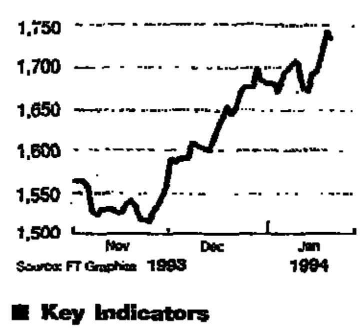
Meanwhile, the uncertainty over the progress of the UK economy, and thus over base rate prospects, left fund managers unsure of the outlook across the blue chip sectors. This left investors to concentrate on specific features, including Guinness, where nearly 30m shares traded, and in BOC, RTZ and Standard Chartered.

Seaq volume remained very high at 1.11bn shares, with non-Seaq trade at around 64 per cent of the total. In the previous session, retail value on the Seaq volume of 1.32m shares fell to £1.13bn, reflecting the focus on second line issues.

Traders admitted to concern over this week's developments in the Mid 250 stocks, which have been prompted by moves by a leading marketmaker to offer warrants on the stocks, regarded as an attempt to offer a futures instrument on the Mid 250 Index to follow the significant success of the future contract on the FT-SE 100 Share Index.

The Footsie future has become an important driving force behind the Index itself and the growth of interest in the Mid 250 range has brought expectations that a similar instrument will be welcomed in this sector. However, this week has reinforced worries over the market liquidity supporting the FT-SE Mid 250 and 350 Indices.

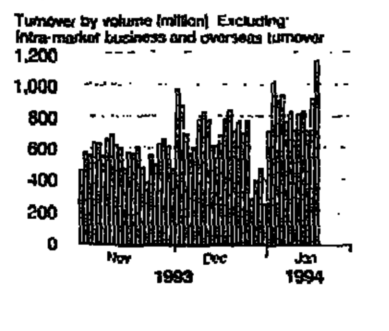
FT-SE-A All-Share index



Source: FT Graphics

Equity Shares Traded

Turnover by volume (million). Excluding: Intra-market business and overseas turnover



Key Indicators

Indices and ratios

FT SE 100	3470.0	-5.1	FT Ordinary index	2659.1	+5.0
FT-SE Mid 250	4105.4	-43.4	FT-SE-A Non Fins p/e	22.79	(25.65)
FT-SE-A 350	1754.3	-6.3	FT-SE 100 Fut Mar	3484.0	-17.0
FT-SE-A All-Share	1738.06	-5.72	10 yr Gilt yield	6.17	(6.16)
FT-SE-A All-Share yield	3.26	(3.25)	Long gilt/equity yld ratio:	2.04	(2.05)

Best performing sectors		Worst performing sectors	
1 Spirits, Wines & Cider	+4.2	1 Life Assurance	-2.1
2 Extractive Industries	+2.9	2 Pharmaceuticals	-2.0
3 Gas Distribution	+1.0	3 Retailers, Food	-1.6
4 Oil Exploration & Prod	+1.0	4 Property	-1.6
5 Electricity	+0.9	5 Other Financial	-1.5

Guinness strong on deal

The surprise restructuring move by Guinness and LVMH sent the shares in the former surging forward as drinks analysts hailed it as a fundamental change in the stock's rating.

The deal, in which the French group reduces its holding in Guinness which in turn switches its LVMH stake into Moet-Hennessy (owned by LVMH), was said to go a long way to answering market criticisms of the UK group.

Chief among these was the potential instability threatened by LVMH, whose media ambitions were seen increasingly at odds with those of Guinness. LVMH has also given additional safeguards on its new 20 per cent holding.

Mr Andrew Holland at Kleinwort Benson, who yesterday moved Guinness off the sell list for the first time in 18 months, said: "The deal improves the long term profit outlook at a time when they sorely need it."

Guinness enthusiast Mr Geoff Collyer at NatWest said: "This deal removes any remaining uncertainties surrounding the stock. On a two-year view, Guinness has got the best earnings growth potential in the sector."

However, there was some consternation at Guinness's timing. After the company spoke to some brokers last week, several analysts downgraded the stock, one house apparently cutting its profits forecast and issuing a sell note yesterday morning just as the restructuring news was announced.

The shares closed 49 up at 521p with a hefty 29m traded, the fourth highest ever and the largest daily volume for two and half years.

There was no stopping the bull run in Standard Chartered shares, which outpaced the rest of the banks sector, the FT-SE 100 Index and the wider equity market as institutions focused on the bank's outstanding earnings growth potential based on its pre-eminence in the Far East.

An ever-tightening stock shortage was also cited as helping to squeeze the share price higher. Revived speculation of a possible takeover bid for the bank was disregarded by some traders, who reported signs of panic buying by marketmakers caught short of stock. "Put simply, the shares were underpriced and are now beginning to reflect the big upside potential in profits," said one dealer.

A welter of buying interest, both domestic and overseas, drove Standard Chartered shares up 87, or 7 per cent to a record close of 1316p, only marginally the all-time high of 1324p reached in mid-afternoon. Turnover was an above-average 1.6m shares.

Bank specialists said much of the heavyweight buying interest in the stock had been triggered by the Cazenove buy recomendation issued on Wednesday which highlighted the stock's relative cheapness against the likes of HSBC and Bank of East Asia.

However, some of the market's more cautious analysts pointed out that Standard shares outperformed the market by 20 per cent in 1992 and 75 per cent in 1993 and that in the absence of a takeover bid the shares looked fairly valued. Standard is due to announce preliminary results on March 9.

Shares in Kingfisher fell sharply as the stores group finally acceded to pressure to make a trading statement in the wake of the recent Dixons profits warning.

Although widely expected, weak sales at Comet and Darty and sluggish margins still managed to shake investor confidence.

Analysts cut forecasts by around 5 per cent to about £300m. The shares, which have had a strong run since the November budget, checked only by the Dixons news, are likely to be weak ahead of results in March. The stock tumbled 37 to 678p with 10m shares traded. Dixons gained 4 at 222p.

Industrial gases group BOC bucked the market after surprising investors with a restructuring package forecast to save £60m over the next three years.

The restructuring will involve 1,700 staff losing their jobs worldwide and £85m of provisions but the market decided all the bads news was now out of the sway and bought the shares up 33 to 699p.

Analysts cut their forecasts for this year by around £65m to between £255m and £265m to take the provisions in to account but raised estimates for next year and 1996.

Chemicals group ICI came under further attack as UBS published a review with a short-term sell recommendation attached. The house told clients that the dismal state of the industry in continental Europe, a £20m hit from adverse exchange rate movement, diminishing scope for further cost cuts and fears of an oil price hike would hold the company back. It sees the shares falling as low as 700p before yield benefits kick in. Yesterday, the stock slid 12 to 755½p.

Pharmaceuticals stocks were under pressure following US selling that began after Pfizer announced a sharp slowdown in sales late on Wednesday. Glaxo was further affected by a downgrade from Kleinwort Benson and tumbled 20 to 661p. SmithKline Beecham fell 7 to 432p and Zeneca 16 to 808p.

Speculation of further trouble in the stores sector circulated, with MFI attracting attention as a potential candidate for reporting dull trading news with its results in two weeks. The shares retreated, closing 7½ adrift at 168½p.

Bank shares ran ahead towards the close, with Bank of Scotland settling 7½ firmer at 232½p and Lloyds 2 up at 646p after Kleinwort Benson buy notes and Barclays closing 8 up at 617p with Morgan Stanley said to be about to publish a strong buy recommendation on the shares today.

In the composite insurances, Commercial Union benfited from switching out of General Accident, the former settling 5 up at 693p and the latter 15 off at 725p. Talk that one marketmaker had finally placed a line of 3m shares in Sun Alliance saw the shares edge up 2 to 391p.

Disappointing new business figures unsettled Prudential which retreated 11 to 365p and London & Manchester which slumped 23 to 413p.

Mining group RTZ Corp gained 31½ to 876½p on the back of rising metal prices.

Courtaulds Textiles dropped 30 to 538p when one agency broker attempted to place a line of stock just as the steam went out of the Mid-250 Index.

United Newspapers fell 9 to 673p in response to the latest newspaper circulation figures which showed that the group's Daily Express had been hit by the Times price cuts.

MARKET REPORTERS:
Christopher Price, Joel Kibazo, Peter John, Steve Thompson.

■ Other statistics, Page 19

NEW HIGHS AND LOWS FOR 1993/94

NEW HIGHS (422).

GILTS (6) OTHER FIXED INTEREST (1) BANKS (8) ANZ, Bk. of Scotland 9 3/4pc Pf, Nat. Aust. Bk., Standard Chrtd., Westpac, BREWERIES (5) Burtonwood, Fuller STA, Scott. & Newcastle, Whitbread, Young A, BUILDING & CNSTRN (15) BLDG MATLS & MCHTS (13) CHEMICALS (6) Allied Colloids, Amber Indl., British Vita, Canning (W), Laporte, Perstorp B, Yorkshire Chems., Yule Catto, DISTRIBUTORS (13) DIVERSIFIED INDLS (11) ELECTRICITY (2) Manweb, PowerGen, ELECTRNC & ELECT EQUP (13) ENGINEERING (19) ENG. VEHICLES (5) Caverdale, First Tech., GKN, Mid-States, Trinity, EXTRACTIVE INDS (15) FOOD MANUF (5) Banks (SC), Booker, Devro Intl., Grand Central, Linton Park, HEALTH CARE (6) Assoc. Nursing Servs., Community Hsptls., M.L. Labs., Nestor-BNA, UniChem, Westminster H'care., HOUSEHOLD GOODS (11) INSURANCE (2) Angerstein Wrts., Syndicate Capital, INVESTMENT TRUSTS (104) INVESTMENT COMPANIES (11) LEISURE & HOTELS (7) Break for the Border, Compass, Kunick, Mandarin Oriental, Ryan, Savoy A, Stakis, LIFE ASSURANCE (2) Transatlantic, Do B 6pc Pf., MEDIA (20) Anglia TV, Border TV, Capital Radio, Central ITV, Daily Mail A, GWR, Grampian TVA, Haynes Publg., Johnston Press, Metro Radio, Mirror, More O'Ferrall, Osprey Comms., Quarto 6 3/4pc Pf, Radio Clyde, Reuters, SelecTV, Telegraph, Ulster TV, VTR, MERCHANT BANKS (3) OIL EXPLORATION & PROD (2) Brit. Borneo, Scott Pickford, OIL, INTEGRATED (2) Emerald Energy, Norsk Hydro, OTHER FINANCIAL (21) OTHER SERVS & BUSNS (1) Brit. Bloodstock, PHARMACEUTICALS (1) Novo Nordisk B, PRTNG, PAPER & PACKG (17) PROPERTY (28) RETAILERS, FOOD (1) Park Food, RETAILERS, GENERAL (16) SPIRITS, WINES & CIDERS (1) Grand Met., SUPPORT SERVS (12) TELECOMMUNICATIONS (2) Cable & Wire. 7pc Cv. '06, Securicor, TEXTILES & APPAREL (4) Abbeycrest, Alexandra Workwear, Allied Textile, French (T), TRANSPORT (8) Goode Durrant, Irish Cntl., Mayne Nickless, Mersey Docks & Harbour, P & O Defd, TNT, WATER (2) Bristol Water, York Waterworks, AMERICANS (3) CANADIANS (2)

NEW LOWS (3).

DISTRIBUTORS (1) Intl Food Machinery, ENGINEERING (1) Neotronics Tech., OIL EXPLORATION & PROD (1) Sunrise Energy.

EQUITY FUTURES AND OPTIONS TRADING

A dull but reflective session in the derivatives sector saw the Footsie March future challenge but fail to break through the 3,500 barrier, though turnover in the traded options remained high, *writes Joel Kibazo.*

The first trade in the March contract on the FT-SE 100 was struck at 3,485, down 16 points from Wednesday's record close, and was followed by sporadic selling which sent it lower. Several mid-morning buying orders brought about a rally, which drove March strongly forward to the day's peak of 3,499, after which it ran out of steam and drifted for the next few hours.

The failure of the Bundesbank to make any move on interest rates, flushed out more sellers sending March to its low point of 3,471. It finished at 3,482. With the premium having been maintained throughout the session, the closing level was 9 points ahead of its fair value premium to cash of about 6 points. Volume returned to more modest levels finishing at 11,962 lots.

Dealers said volatility in several FT-SE 100 stocks was responsible for continued high volume in the traded options which saw a total of 50,153 contracts traded. Volume in FT-SE 100 options was significantly down at 10,335 lots against Wednesday's 25,082 but the Euro FT-SE 100 was busy, trading 10,354 lots.

British Gas was the busiest stock option with a total of 6,005 contracts following a big trade carried out by S.G. Warburg.

It was followed by Abbey National at 2,135 lots and Guinness at 1,881 contracts. BTR at 1,226 and Glaxo at 1,191 were the other stocks in the league table.

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	3485.0	3484.0	-17.0	3499.0	3471.0	13645	69426
Jun	-	3498.0	-17.0	-	-	0	5758
Sep	-	3514.0	-17.0	-	-	0	200

Contract traded on APT. Open interest figures are for previous day.

■ FT-SE 100 INDEX OPTION (LIFFE) (*3120) £10 per full index point

	3200 C	3200 P	3250 C	3250 P	3300 C	3300 P	3350 C	3350 P	3400 C	3400 P	3450 C	3450 P	3500 C	3500 P	3550 C	3550 P
Jan	273½	½	223½	½	173½	½	123½	1	73½	½	28	3½	2½	32½	½	82½
Feb	289½	5	242½	7	195½	10	151½	16½	112½	27	78½	44	50½	67½	31	99½
Mar	294½	13	250½	18	208	25½	168½	36	132	49	101½	68½	73½	92	53½	121½
Apr	304	21½	261½	28	221	37	183½	50½	148½	65½	118½	86	92½	108	71	137
Jun†	328	37			259½	59			183	89			124	130½		

Calls 6,404 Puts 4,287

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

	3125 C	3125 P	3175 C	3175 P	3225 C	3225 P	3275 C	3275 P	3325 C	3325 P	3375 C	3375 P	3425 C	3425 P	3475 C	3475 P
Jan	349	½	299	½	249	½	199	½	149	½	99	½	49	1	8½	11½
Feb	361½	2	313½	3½	265½	5½	219	9	174½	14	133	22	94½	33½	63½	52
Mar	384	8			273	15½			188½	30½			117½	58½		
Jun	395½	24			306	38½			231½	62			167	95		
Sep†	416½	41			338½	59			267½	84½			205	118½		

Calls 6,752 Puts 3,561 * Underlying index value. Premiums shown are based on settlement prices. † Long dated expiry months.

TRADING VOLUME

■ Major Stocks yesterday

	Vol. 000s	Closing price	Day's change
ASDA Group†	9,800	63¼	-1¼
Abbey National†	3,300	516	-5
Albert Fisher	1,300	73	-½
Allied-Lyons†	3,000	661	+3
Anglian Water†	1,000	582	-5
Argos	761	376	-8½
Argyll Group†	4,300	295½	-8½
Arjo Wiggins†	3,800	280	-3
Assoc. Brit. Foods†	47	574½	+½
Assoc. Brit. Ports	170	583	-3½
[illegible]	[illegible]	[illegible]	[illegible]

FT - SE Actuaries Share Indices — The UK Series

	Jan 20	Day's chge%	Jan 19	Jan 18	Jan 17	Year ago	Div. yield%	Earn. yield%	P/E ratio	Xd adj. ytd	Total Return
FT-SE 100	3470.0	-0.1	3475.1	3437.0	3407.8	2773.3	3.40	5.07	24.52	2.39	1271.90
FT-SE Mid 250	4105.4	-1.0	4148.8	4013.3	3948.8	2899.2	2.97	4.63	26.61	7.21	1491.58
FT-SE Mid 250 ex. Inv Trusts	4117.3	-1.0	4160.7	4024.4	3957.2	2919.1	3.06	4.96	25.09	7.37	1491.11
FT-SE-A 350	1754.3	-0.4	1760.6	1732.3	1714.6	1363.8	3.30	4.96	24.98	1.64	1317.24
FT-SE SmallCap	2016.79	+0.1	2014.21	1978.95	1954.24	1431.74	2.72	3.39	37.95	1.91	1530.11
FT-SE SmallCap ex Inv Trusts	1979.80	+0.1	1977.35	1943.81	1916.88	1442.69	2.88	3.74	36.18	2.09	1505.54
FT-SE-A ALL-SHARE	1738.06	-0.3	1743.78	1715.63	1697.81	1344.64	3.26	4.86	25.56	1.63	1328.19

■ FT-SE Actuaries All-Share

	Jan 20	Day's chge%	Jan 19	Jan 18	Jan 17	Year ago	Div. yield%	Earn yield%	P/E ratio	Xd adj. ytd	Total Return
10 MINERAL EXTRACTION(18)	2651.33	+0.4	2640.20	2606.42	2583.49	1871.10	3.33	4.80	25.76	0.00	1034.22
12 Extractive Industries(4)	4047.45	+2.9	3932.67	3827.46	3781.89	3096.20	3.09	4.52	26.17	0.00	1069.20
15 Oil, Integrated(3)	2558.99	-0.2	2564.57	2540.38	2523.15	1730.20	3.42	4.99	24.98	0.00	1017.53
16 Oil Exploration & Prod(11)	1987.49	+1.0	1968.72	1941.80	1899.33	1721.70	3.00	3.61	35.55	0.00	1127.00
20 GEN MANUFACTURERS(263)	2160.28	-0.4	2168.27	2134.44	2104.56	1612.70	3.41	3.13	43.89	1.40	1089.50
21 Building & Construction(31)	1498.65	-0.7	1508.76	1459.44	1407.22	798.80	2.37	1.19	80.00†	0.29	1146.37
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ Hourly movements

[illegible]

■ FT-SE Actuaries 350 Industry baskets

[illegible]

LONDON EQUITIES

LIFFE EQUITY OPTIONS

Option		Calls Jan	Calls Apr	Calls Jul	Puts Jan	Puts Apr	Puts Jul
Allied-Lyons	650	17	40½	51½	4	21	37
(*662)	700	1	17	28½	40	49½	66½
[illegible]							

Option		Calls Feb	Calls May	Calls Aug	Puts Feb	Puts May	Puts Aug
GEC	330	14½	23½	28½	6	11½	18
(*337)	360	3	9	14	25½	28½	35½
[illegible]							

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	30	34	14
Other Fixed Interest	5	1	9
Mineral Extraction	70	62	76
General Manufactures	161	193	332
Consumer Goods	54	67	73
Services	139	128	258
Utilities	7	29	10
Financials	113	130	150
Investment Trusts	94	122	249
Others	43	43	38
Totals	716	803	1209

Data based on those companies listed on the London Share Service.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1993/94 High	1993/94 Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
100	F.P.	55.6	106	100	Aberforth Sp C	105					
[illegible]											

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

TRADITIONAL OPTIONS

First Dealings	Jan. 10	Last Declarations	April 7
Last Dealings	Jan. 21	For settlement	April 18

[illegible]

FINANCIAL TIMES EQUITY INDICES

[illegible]

LONDON SHARE SERVICE

BANKS

	Notes	Price	+ or −	1993/94 high	low	Mkt Cap£m	Yld Gr's	P/E
ABN Amro Fl	□	£23¼	−⅛	£25¼	£18¼	6,681	4.4	12.8
ANZ A$	□	245	+6	245	130	3,208	3.7	Φ
Abbey National	†□	515	−5	524	345	6,751	2.9	18.9
Allied Irish I£		307	−1	314	179	2,023	3.4	15.7
Anglo Irish I£	N□	88xd	—	*89	29	167.9	6.1	Φ
Asahi Y	□	689¼	+18¼	844	418	16,234	0.6	–
Banco Bil Viz Pta	□	£14⅜	−⅛	£17⅜	£13⅜	3,388	5.6	6.6
Banco Sant Pta		£29⅜	—	£30	£24⅜	3,328	4.4	11.4
Bank Leumi (UK)		375	—	375	325	29.8	5.7	–
Bk Ireland I£	□	317	−1	*319	177	1,494	3.8	21.4
Bank Scotland	†□	232½	+7½	240½	116½	2,706	2.5	31.6
9¼pc Pf		140½	+¼	140¾	117¼	140.6	8.2	–
9¾pc Pf		147½	+¼	147¾	123½	147.5	8.3	–
Barclays	†N□	617	+6	662	362	10,013	2.5	–
Dai Ichi Kan Y	□	£11⅜	+⅛	£18⅜	£8⅜	36,155	0.5	64.1
Deutsche DM	□	£311⅛	−1⅛	£348⅜	£250½	14,823	1.9	–
Espirito Santo		£24⅜	−⅛	£24⅜	£16½	258.5	3.3	5.9
First Nat Fin	□	84xd	+1	*95	45	140.0	2.2	Φ
6.3pc Cv Pf		88½xd	—	*91	55	5.95	8.9	–
7pc Cv Pf		165½xd	+1½	167½	106	78.6	5.3	–
Fuji Bank Y	□	1236	+1½	1851	878	38,757	0.4	–
HSBC HK	†□	980	−17	1007	474	16,728	2.6	23.5
HSBC (75p Shs)	†□	968	−8	987	490	7,947	2.6	23.2
Lloyds	†□	648	+2	680	492	8,294	3.7	18.5
Mitsubishi Y	□	£17⅜	−⅛	£19¾	£11⅞	50,114	0.3	–
Mits Tst & Bk Y	□	804¼	+44½	1012½	462½	10,474	0.6	12.9
Mitsui Tst & Bk Y	□	816	+31	852	374	7,380	0.9	21.0
Nat Aust A$	□	581	+5¼	581	322	7,636	3.9	Φ
NatWest	†□	605	+2½	634	398	10,056	3.7	36.7
Ottomane FFr		£30	—	£32½	£23¼	160.0	5.0	8.8
Ryl Bk Scotland	N□	464xd	+6	470	307	3,884	3.0	21.0
Sakura Y	□	£9⅜	+⅛	£11	£5¼	30,122	0.6	56.3
Sanwa Y	s□	£13⅜	+⅛	£18	£7¼	38,162	0.4	–
Standard Chartd	†□	1316	+67	1324	576	3,133	1.9	–
Sumitomo Y	□	£12⅜	+⅛	£18¼	£8⅞	40,758	0.4	27.9
Sumitomo Tst Y	□	758½	+23¼	987½	437½	9,446	0.7	59.5
TSB	qN□	287	+1	290	145½	4,358	3.4	22.2
Tokai Y	□	£7⅜	−⅛	£9⅞	£4⅞	14,578	0.7	48.0
Toyo Tst & Bk Y	□	840	−8½	840	411	5,039	0.8	57.1
Westpac A$		225½xd	+2½	225½	121	3,963	2.4	Φ
Yasuda Tst Bk Y	†□	502¼	+13¼	680	343	6,541	1.0	44.8

BREWERIES

	Notes	Price	+ or −	1993/94 high	low	Mkt Cap£m	Yld Gr's	P/E
Ascot Hldgs	□	9	+¼	16½	4½	31.8	–	–
Bass	qN□	592xd	−16	647	441	5,138	4.2	16.1
Boddington	†□	270	+2	299	189	325.6	3.5	15.7
Burtonwood		191xd	+2	193	129	39.7	3.1	16.0
Eldridge,Pope A		174xd	−7	181	75	33.6	2.6	Φ
Fosters A$	□	64½	+1	70½	50	2,072	4.2	Φ
Fuller STA		450xd	+5	450	338	91.3	2.1	19.3
Gibbs Mew		395	—	403	148	25.4	2.6	19.4
Greenalls	N□	495xd	−14	511	347	1,012	3.2	16.7
Greene King	†N□	584xd	−6	684	505	238.6	2.8	15.8
Grosvenor Inns		142	−1	148	78	11.5	3.7	19.0
Hallds		69	—	*756	31	8.07	–	53.9
Holt (J)	†	3160	—	3150	2538	94.5	1.7	20.5
For Hoskins Brewery see Hallds								
Kirin Y	□	726½	−18¼	858½	590	7,847	0.9	27.5
Mansfield	†N	238	—	248	164	161.0	2.1	16.9
Marston Thomp.	†N□	292	−1	299	231	284.6	2.4	16.3
Morland	N	533xd	−2	580	455	114.6	2.3	18.3
Paramount	N□	10¼xd	—	12	6¼	5.16	1.8	18.5
Regent Inns	N	227	—	229	145	33.3	2.5	23.1
Scott & New	†N□	382xd	−1	*391	393	3,090	3.7	17.8
United Breweries	□	8½	—	12	7	12.8	–	–
Vaux	N□	288xd	−1	295	213	400.0	4.1	18.5
Wetherspoon (J.D.)	N□	385	+3	381	225	114.3	1.8	28.3
Whitbread	†N□	596	+10	596	435	3,088	3.6	14.3
Wolv & Dudley	□	580xd	−19	613	463	370.7	2.8	Φ
Young A	†	525	+2	525	475	15.3	3.5	21.7
N/V	†	460	+2	460	415	26.2	4.0	19.0

BUILDING & CONSTRUCTION

	Notes	Price	+ or −	1993/94 high	low	Mkt Cap£m	Yld Gr's	P/E
Abbey I£		190xd	—	190	73	73.6	1.3	31.2
Allen	N	168xd	+4	168	87	44.8	3.7	38.1
AMEC	□	129	—	132½	65	260.8	2.9	23.9
6½pc Cv Pf		111	—	111	70	225.8	7.5	–
Amco Corp		51	+¼	78	36½	5.49	–	–
Andrews Sykes	N□	85	—	145	65	12.1	4.4	–
Anglia Sec	□	10½	−2	13	4	3.47	–	–
Arcadian Intl		48	+6	47	35	32.1	–	–
Ashtead	□	386	—	*386	150	115.8	1.5	40.8

[illegible]

BUILDING MATS. & MERCHANTS

[illegible]

BUILDING MATS. & MERCHANTS - Cont.

[illegible]

CHEMICALS

[illegible]

DISTRIBUTORS

[illegible]

DIVERSIFIED INDUSTRIALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONIC & ELECTRICAL EQPT

[illegible]

ELECTRONIC & ELECTRICAL EQPT - Cont.

[illegible]

ENGINEERING

[illegible]

ENGINEERING, VEHICLES

[illegible]

EXTRACTIVE INDUSTRIES

[illegible]

FOOD MANUFACTURERS

[illegible]

GAS DISTRIBUTION

[illegible]

HEALTH CARE

[illegible]

HOUSEHOLD GOODS

[illegible]

INSURANCE

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

	Notes	Price	+ or -	1993/94 high	low	Yld Gr's	NAV	Dis or Pm(-)
Perpetual Japan	□	103	-1½	108	83	-	92.3	-10.4
Warrants	□	72	-2	79	37	-	-	-
Personal Assets	†	888½	----	890¾	278½	2.7	9352.8	5.4
Plot Inv	Z□	146	+1	146	96	8.4	136.0	-6.8
Warrants	□	67	----	67	21	-	-	-
Primadona		277	-1	283	157	2.0	324.0	14.5
RIT Capital	□	185	-3	189	100	0.8	215.0	14.0
2½pc Cv Ln 2000		£185	-1½	£186½	£100½	1.4	-	-
Radiotrust	□	82	----	83	47	-	62.1	-24.3
Rights & Iss Inc	†	155	----	156	114	8.8	-	-
Cap		495	----	495	303	2.1	553.2	10.5
Riv & Merc Am Inc		115xd	----	115	108	8.5	-	-
Cap	□	33	----	35	27	-	47.9	31.1
Warrants		14	----	14	11	-	-	-
Riv & Mer Ext	N□	142	+6	142	87	7.0	140.4	-1.1
Warrants		37	+4	37	13	-	-	-
Zero Div Pf		117½	----	117½	103	-	-	-
Riv & Mer Geared		115	----	118	81	8.2	-	-
Prfd Cap 1999		34	-½	35	18	-	41.1	17.3
Riv & Merc Smllr	N□	157	-½	157½	95	3.2	132.9	-2.6
Warrants		62	+2	62	22	-	-	-
Riv & Merc Tst Inc	□	125	----	127	108	9.2	-	-
Cap	□	143	----	143	55	-	262.4	45.5
Warrants		34	----	35	8	-	-	-
Do. Stepd Prf	N	182½	----	182½	147	4.3	-	-
River Plate Inc	N□	116xd	----	119	98	10.1	-	-
Cap		109	+1	110	26	-	209.7	48.0
Warrants		18	----	18½	1	-	-	-
Zero Div Pf		84½	+¼	84½	77¼	-	-	-
St Andrew		365	----	365	214	3.1	342.3	10.9
St David's Inc		140	----	153	123	13.2	-	-
Cap		218	----	218	78	-	364.4	40.2
Zero Prf		161	----	161	131	-	-	-
SPLIT Inc		199	----	270	175	21.1	-	-
Cap		1233	----	1236	820	-	1458.8	15.2
Schroder Korea Fund		1008½	-5	1014	481	0.1	-	-
Warrants		633½	-2¾	674	180	-	-	-
Schroder Split Inc	N□	126	----	127	102	8.7	-	-
Capital	□	34	+1¾	34	18	-	130.3	73.9
Zero Div Pf		113¾	----	113¾	89	-	-	-
Scot American		179½	-3½	183	131	3.2	194.1	7.5
Scot East		93½	-2	96¼	63½	2.1	101.8	8.2
Scottish Inv		258xd	-4	259	183	2.4	281.6	9.4
Warrants	□	97½	-3	100½	38	-	-	-
Scot Mortgage		259	-5½	264½	178	1.3	279.5	7.0

LEISURE & HOTELS - Cont.

	Notes	Price	+ or -	1993/94 high	low	Mkt Cap£m	Yld Gr's	P/E
Parkdean Leis	W□	144	----	144	127	14.4	3.8	16.6
Pelican	□	86	-2	88	33	37.2	1.6	20.2
PizzaExpress	M	118	----	121	47	62.5	0.5	24.9
Prism Leis	□	178	----	181	55	15.3	2.3	16.5
Quadrant	□	37	----	42	16	8.66	-	-
Queens Moat	N	47½	----	59	44	439.0	3.7	-
7pc Cv Pf		104	----	129	101	27.1	8.4	-
7½pc Cv Pf		85	----	99	83	160.5	11.0	-
Ramsden's (H)		210	----	210	132	12.6	2.7	27.9
Rank Org	□	1052	-6	1065	636	3,440	3.7	22.7
8¼p Cv Pf		160xd	+1	162	113½	364.8	6.4	-
Regal Hotel	□	1¾	-¼	2¾	0¾	6.35	-	-
Resort Hotels		456	----	56	28	48.8	9.6	8.8
Ryan Hotels IE	□	25½	+1	25½	11½	16.7	4.9	-
Savoy A		990	+10	1025	700	283.1	0.9	-
Speirs (JW)	†	550	----	660	300	28.9	1.0	10.3
Stakis	□	80	-1	82	34½	305.1	1.6	ϕ
Stanley Leis	□	333	----	338	168	152.5	2.0	28.1
Sunleigh	□	7½	----	10	5½	6.90	-	-
Surrey	□	2¼	----	3	1½	2.82	-	-
Tanjong		345¼	----	420	345¼	847.2	0.5	18.7
Thorn EMI	N□	1084xd	-2	1099	809	4,640	3.7	29.4
Tottenham Grp	□	2¼	----	2¾	1	18.9	-	-
Tomorrows Leis		18	----	32	13½	1.98	-	-
Tottenham		94xd	----	117	84	15.1	2.7	4.9
Vardon	□	132	-2	137	62	98.5	0.8	31.2
Wembley	□	16½	----	22	11	42.5	-	-
Zetters		115	----	120	93	7.54	9.0	12.6

LIFE ASSURANCE

	Notes	Price	+ or -	1993/94 high	low	Mkt Cap£m	Yld Gr's	P/E
AEGON Fl	□	£36¼	-⅞	£38	£26¼	3,616	3.7	11.1
Britannic	□	511	-8	519	359½	985.3	2.8	-
Irish Life I£	□	241	----	241	156	726.4	4.4	-
Legal & Gen	□	542	-1	547	408½	2,850	4.5	32.0
Liberty Life Africa R	□	£11⅜	-⅛	£12⅜	£7⅞	2,778	2.6	18.9
Lincoln Nat $		£27⅞	+⅛	£32¼	£20⅝	2,595	3.6	-
Lloyds Abbey	□	461	-10	471	403	3,102	4.7	16.6
Lon & Man	□	413	-23	443	274	496.1	4.5	30.4
Prudential	□	384	-12	385	282½	6,883	4.2	24.2
Refuge	□	393	-9	404	266½	615.8	3.4	43.8

OTHER FINANCIAL

PROPERTY - Cont.

SPIRITS, WINES & CIDERS - Cont.

TRANSPORT - Cont.

SUPPORT SERVICES

WATER

AMERICANS

MEDIA

INVESTMENT COMPANIES

MERCHANT BANKS

OTHER SERVICES & BUSINESSES

CANADIANS

TELECOMMUNICATIONS

RETAILERS, FOOD

TEXTILES & APPAREL

PHARMACEUTICALS

OIL EXPLORATION & PRODUCTION

PRINTING, PAPER & PACKAGING

RETAILERS, GENERAL

LEISURE & HOTELS

TOBACCO

TRANSPORT

PROPERTY

OIL, INTEGRATED

SPIRITS, WINES & CIDERS

SOUTH AFRICANS

	Notes	Price	+ or -	1993/94 high	low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind		£13½	----	£13½	£7½	805.4	5.2	11.4
Barlow Rand		£4⅞	-⅛	£10⅝	£4	810.0	7.9	7.5
Gold Fields SA R		£15⅜	-⅛	£18	£7¼	1,613	2.6	25.9
MK Props		90	----	97	68	3.62	15.1	ϕ
SASOL	♥	290	+1	308	215	1,642	5.4	-
SA Brews		£12⅝	-⅛	£15⅞	£7⅞	6,986	2.1	21.4
Tiger Oats		738	----	838	513	1,108	2.2	15.6
Tongaat-Hulett	†	436xd	+1	472	212	326.3	3.4	12.2

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by Extel Financial, a member of the Financial Times Group.

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system.
- • Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ϕ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ϕ Merger bid or reorganisation in progress
- § Forecast dividend yield, p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993
K Yield based on prospectus or other official estimates for 1994
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94
N Figures based on IMR 'Headline Earnings'
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend.
xc ex scrip issue;
xr ex rights;
xa ex all;
xR ex capital distribution.

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AUTHORISED UNIT TRUSTS

	Init Charge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (✦) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (▲) - 1401 to 1700 hours; (#) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071-379-0444.

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FT MANAGED FUNDS SERVICE

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TSB Unit Trusts - Contd.

T.U. Fund Managers Limited (1200)H

Templeton Unit Trust Managers Ltd (1200)F

Thornton Unit Managers Ltd (1200)F

AXA Equity & Law Life Assce - Contd.

Abbey Life Assurance Co Ltd

Britannia Life Ltd

Canada Life Group

Crown Financial Management Ltd - Contd.

Eagle Star Life Assurance Co Ltd

Henderson Administration(z)

Lifetime Assurance Co Ltd - Contd.

Lincoln National

OTHER UK UNIT TRUSTS

INSURANCES

FT MANAGED FUNDS SERVICE

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Royal Life Insurance Ltd
New Hall Place, Liverpool L69 3HS 051-239 3000

	Bid Price	Offer Price	+ or -	Yield Gross
Royal Shield Fd	999.6	1057.7	—	—

Royal Life (Unit Linked Assurances) Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Managed Fund	398.6	419.5	+3.4	—
Equity Fund	576.8	607.1	+7.4	—
Property Fund	306.3	322.4	—	—
International Fund	492.0	517.8	+1.5	—
Gilt Fund	386.0	406.3	+3.7	—
Money Fund	216.6	227.9	—	—
United States Fund	259.1	272.7	+1.5	—
Pacific Basin	307.0	323.1	+1.1	—

Royal Life (Unit Linked, Pension Plans) Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Exempt Man Fd Acc	492.2	518.1	+3.3	—
Exempt Equity Fd Acc	874.2	920.2	+2.9	—
Exempt Prop Fd Acc	314.9	331.4	-0.3	—
Exempt Intl Fd Acc	803.7	845.0	+4.0	—
Exempt Gilt Fd Acc	462.6	486.9	+5.0	—
Exempt Money Fd Acc	296.9	312.5	—	—

Royal Liver Assurance
Royal Liver Building, Liverpool, L3 1HT. 051-236 1451

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equity	83.1	87.5	—	—
Global Equity	81.0	84.2	—	—
High Yield	81.0	85.3	—	—
Intl Equity	86.7	91.3	—	—
Fixed Interest	83.3	87.7	—	—
Money	76.0	80.0	—	—
Managed	84.1	88.5	—	—
Pensions				
UK Equity	91.0	95.8	—	—
Global Equity	65.0	68.4	—	—
High Yield	95.0	100.0	—	—
Intl Equity	96.9	102.0	—	—
Fixed Interest	100.3	105.6	—	—
Money	94.0	98.9	—	—
Managed	95.0	100.0	—	—
Tax Exempt				
Tax Exempt Mgd	71.3	75.1	—	—

S-E-Banken Life Assurance Co Ltd
149-151 High Rd, Chadwell Hth RM6 6PJ 081-597 7566

	Bid Price	Offer Price	+ or -	Yield Gross
Managed Fund	162.6	171.2	+1.5	—
Pension Mngd Fd	183.8	193.5	+2.4	—

Save & Prosper Group (z)
16-22 Western Rd, Romford RM1 3LB 0708-766966

	Bid Price	Offer Price	+ or -	Yield Gross
Bal Inv Fd	781.9	827.8	+4.0	2.19
Coverdale AG Bond Fd	165.3	175.0	+1.2	—
Deposit Fd†	358.9	376.8	—	6.77
Directors' Portfolio	89.8	95.1	+0.7	—
Equity Pens Fd	204.3	216.2	+1.4	—
European Mngd Fd	68.7	72.7	+0.3	—
Gilt Fd	683.1	683.3	+0.2	7.01
Gilt Pens Fd	152.1	161.0	+1.5	6.87
Global Equity Fd	242.9	257.1	+1.4	—
Global Eq Pens Fd	242.2	256.3	+1.3	—
High Inl Pens Fd†	131.7	139.4	—	6.66

Skandia Life Assurance Co Ltd (z)
Skandia Hse, Portland Terr, Southampton 0703 334411

Skandia Valuation Line 0800 181398

Life Managed Funds

	Bid Price	Offer Price	+ or -	Yield Gross
Skandia Cautious	148.9	156.7	+1.1	—
Skandia Balanced	390.2	410.7	+4.6	—
Skandia Distribution	120.7	127.0	+1.2	—
Skandia Ethical Selection	125.2	131.7	+0.8	—
Skandia Deposit	260.1	273.7	—	—
Abtrust Managed	135.5	142.6	+1.7	—
Baring Managed	148.2	155.9	+2.1	—
CU Managed	252.7	265.9	+3.4	—
Fidelity Managed	214.8	226.1	+3.2	—
Fleming Managed Inv Tst	148.0	155.7	+1.5	—
F & C Investment Trust	193.4	203.6	+2.5	—
Framlington Managed	244.0	256.8	+3.3	—
Gartmore Managed	274.6	289.0	+3.5	—
Henderson Managed	275.3	289.7	+4.0	—
Hill Samuel Managed	243.6	256.4	+3.8	—
Invesco Managed	210.7	221.7	+2.9	—
James Capel Core Mngd	145.3	153.1	+2.3	—
Kleinwort Benson Mngd	145.0	152.6	+1.8	—
Martin Currie Mngd	159.2	167.6	+1.3	—
Morgan Grenfell Mngd	164.9	173.6	+2.4	—
Murray Johnstone Managed	158.8	167.1	+1.8	—
Perpetual Managed	231.7	243.8	+3.7	—
Schroder Managed	143.0	150.5	+2.0	—

Pension Managed Funds

	Bid Price	Offer Price	+ or -	Yield Gross
Skandia Cautious	164.8	173.4	+1.3	—
Skandia Balanced	618.4	650.9	+8.2	—
Skandia Ethical Selection	139.0	146.3	+1.1	—
Skandia Deposit	446.7	470.2	—	—
Abtrust Managed	147.5	155.2	+2.2	—
Baring Managed	169.5	178.4	+2.9	—
BZW Managed	136.0	143.1	+2.0	—
CU Managed	307.8	323.9	+5.0	—
Fidelity Managed	240.9	253.5	+4.4	—
Fleming Managed Inv Tst	170.6	179.5	+1.7	—
F & C Investment Trust	223.9	235.5	+3.1	—
Framlington Managed	379.1	399.0	+6.4	—
Gartmore Managed	412.2	433.8	+6.5	—
Henderson Managed	368.0	387.3	+8.4	—
Hill Samuel Managed	313.5	330.0	+4.5	—
Invesco Managed	297.8	313.2	+5.2	—
James Capel Core Mngd	164.7	173.3	+3.2	—
Kleinwort Benson Mngd	156.0	164.2	+2.4	—
Martin Currie Mngd	178.6	188.2	+1.7	—
Morgan Grenfell Mngd	187.6	197.4	+3.3	—
Murray Johnstone Mngd	169.9	178.8	+1.8	—
Perpetual Managed	284.3	299.2	+3.8	—
Schroder Managed	157.5	165.7	+2.8	—

Standard Life Assurance Company
3 George St, Edinburgh EH2 2XZ 031-225 2552

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	738.5	777.4	-3.4	—
Equity	1067.4	1123.6	-6.4	—
Fixed Interest	428.5	450.9	—	—

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

IRELAND (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

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LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES AND MONEY

MARKETS REPORT

German moves confuse

A SERIES OF unexpected, and oddly timed announcements from the Bundesbank left the foreign exchange markets bemused and somewhat wrong-footed on a day described by one analyst as "remarkable", *writes Emma Tucker.*

An early announcement from the German central bank that it had decided to leave its official discount and Lombard rates unchanged was widely expected and made little impact on the D-Mark.

However, the Bundesbank did not make any comment on the repo rate, prompting speculation that next week it would ease monetary conditions either via a lower fixed repo rate, or by reintroducing a variable rate.

Euromark futures traded up on the news, but dropped when half an hour later the Bundesbank - in what looked like an afterthought - announced it would set the next two securities repo tenders at a fixed 6 per cent.

Further confusing matters, the Bundesbank announced in the afternoon that it intended to reduce and restructure its minimum reserve requirements in a move to improve the competitiveness of Germany's banks.

The Bundesbank said it was scrapping the progressive rate on minimum reserve requirements on sight deposits and introducing a flat rate of 5 per cent, effective March 1. Previously minimum reserves requirements of between 6.6 per cent and 12.1 per cent had been imposed according to the volume on deposit. It added that any rise in liquidity that resulted from the change in reserve requirements would be dealt with through its money market operations.

Economists said the move was also designed to reduce credit costs in the economy without putting the D-Mark under any undue pressure.

● Sure enough, the net effect of the Bundesbank's various moves was to boost the D-Mark against the dollar.

"The fact that the reserves changes could be good for German banks, and potentially good for the economy, and the fact that the repo rate was held at 6 per cent means that the result of the day's moves was beneficial for the D-Mark," said Mr Jeremy Hawkins, of Bank of America.

The dollar shot up half a pfennig against the D-Mark, after the announced changes to the reserve requirements, but dropped back once the Bundesbank made it clear that it would mop up extra liquidity resulting from the move, through its regular money market operations. The dollar closed at DM1.7358, down from the previous day's DM1.744, as strong housing starts data failed to deliver a decisive boost to the currency.

● The Bank of England sent a clear signal to the UK money markets yesterday that it was unhappy with recent speculation of a cut in interest rates.

It attempted to quash further speculation, by not offering an early round of assistance in spite of a relatively large shortage of £1.2bn.

As a result of this unexpected behaviour - the market virtually takes for granted an early round when the shortage is higher than £1bn - the overnight rate shot up to 5¼ per cent, from 4¾ per cent at 9.15am. The overnight rate ended the day at 6 per cent, reflecting a lack of liquidity in a very thin market.

But the three month interbank rate - a rough indication of where the markets believe base lending rates will be in the Spring - remained steady. Having opened at at 5 9/32 it moved up 1/16 of a point to close at 5 11/32 per cent.

"It's a slap on the wrist," said one dealer of the Bank's move. "The Bank is saying don't be stupid boys. Rates are where we set them, not where you want them and they are staying where they are at the moment." "My guess is the Bank does not like where three-month money is at the moment, they think its too low," said another.

The March short sterling contract traded in a wide range, reflecting the Bank's operations. From an opening of 94.82 it dropped as low as 94.72 to close at 94.75.

● In early trading the pound was buoyant, following a radio interview in the morning during which Mr Kenneth Clarke, the chancellor, sought to calm expectations for another interest rate cut.

"What you have to do is set yourself a clear idea of when you change interest rates and stick to it, not be influenced by what the papers say in the morning," said Mr Clarke. He added that in the medium term the government needed to keep inflation down because for the businesses now enjoying the recovery, "most of them know that inflation could be a serious check to that recovery".

The pound did not sustain its lift, however, mainly because of D-Mark gains and closed down a fraction at DM2.6029, compared with Wednesday's DM2.6016. Against the dollar it was slightly higher, closing at $1.4996.

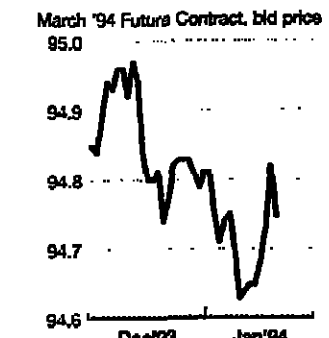
● The Swedish crown was weaker after a ¼ point cut in Sweden's marginal interest rate to 7.5 per cent. Analysts said the cut confirmed the central bank's cautious approach to monetary policy and its desire to see a sustained strengthening of the crown.

● Turkey's central bank hoisted interest rates sharply to halt a run on the lira, but banks remained reluctant to lend more to the treasury.

The lira ended at 17,000 to the dollar on the inter-bank market after slumping 12.1 per cent on Wednesday to 18,500, after the central bank jacked up weekly interest rates to 135 per cent from 105 per cent.

Sterling

March '94 Futures Contract, bid price



Source: FT Graphite

■ **Pound in New York**

Jan 20	Latest	Prev. close
£ spot	1.4985	1.4930
1 mth	1.4956	1.4900
3 mth	1.4905	1.4853
1 yr	1.4769	1.4724

POUND SPOT FORWARD AGAINST THE POUND

Jan 20		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng Index
Europe													
Austria	(Sch)	18.2975	+0.0116	907 - 043	18.3880	18.2870	18.3013	-0.2	18.3106	-0.3	-	-	113.5
Belgium	(BFr)	54.2695	+0.0966	267 - 123	54.4373	54.1516	54.3545	-1.9	54.5095	-1.8	54.8445	-1.1	112.5
Denmark	(DKr)	10.1347	+0.0236	293 - 401	10.1610	10.1083	10.1447	-1.2	10.1542	-0.8	10.1597	-0.2	114.8
Finland	(FM)	8.4620	+0.0096	531 - 709	8.5096	8.4531	-	-	-	-	-	-	81.1
France	(FFr)	8.8645	+0.0236	609 - 680	8.8835	8.8372	8.874	-1.3	8.8863	-1.0	8.9003	-0.4	107.8
Germany	(DM)	2.6029	+0.0013	020 - 037	2.6165	2.5990	2.6047	-0.8	2.6066	-0.6	2.6071	-0.2	122.4
Greece	(Dr)	372.938	+0.448	726 - 150	374.823	372.422	-	-	-	-	-	-	-
Ireland	(I£)	1.0408	-0.001	401 - 415	1.0465	1.0401	1.0414	-0.7	1.0423	-0.6	1.0448	-0.4	104.2
Italy	(L)	2543.09	+6.74	131 - 486	2550.72	2531.94	2549.83	-3.2	2561.49	-2.9	2605.84	-2.5	76.1
Luxembourg	(LFr)	54.2695	+0.0966	267 - 123	54.4373	54.1516	54.3545	-1.9	54.5095	-1.8	54.7445	-0.9	112.5
Netherlands	(Fl)	2.9173	+0.0025	160 - 185	2.9317	2.9108	2.9174	0.0	2.9162	0.2	2.9063	0.4	118.0
Norway	(NKr)	11.2649	+0.0733	615 - 683	11.2683	11.1824	11.2808	-1.7	11.2787	-0.5	11.2651	0.0	85.0
Portugal	(Es)	263.021	+0.92	827 - 215	264.342	262.272	264.356	-6.1	266.526	-5.3	-	-	-
Spain	(Pta)	213.424	+1.073	275 - 572	214.053	212.557	214.154	-4.1	215.234	-3.4	219.354	-2.8	84.5
Sweden	(SKr)	12.1323	+0.0338	227 - 418	12.1901	12.0759	12.1578	-2.5	12.1858	-1.8	12.2993	-1.4	78.0
Switzerland	(SFr)	2.1804	+0.0031	792 - 815	2.1929	2.1759	2.1781	1.3	2.1734	1.3	2.149	1.4	118.5
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	82.7
Ecu	-	1.3421	+0.0007	413 - 429	1.3476	1.3404	1.3436	-1.3	1.3454	-1.0	1.3485	-0.5	-
SDR†	-	0.922204	+0.0038	204 - 204	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.4995	+0.0079	992 - 998	1.5000	1.4885	-	-	-	-	-	-	-
Brazil	(Cr)	610.280	+13.013	170 - 389	611.000	598.000	-	-	-	-	-	-	-
Canada	(C$)	1.9642	+0.008	635 - 649	1.9655	1.9495	1.9615	1.7	1.9566	1.6	1.9434	1.1	92.7
Mexico	(New Peso)	4.6576	+0.0257	553 - 599	4.6639	4.6233	-	-	-	-	-	-	-
USA	($)	1.4996	+0.0078	993 - 999	1.5002	1.4885	1.4968	2.2	1.4919	2.0	1.4794	1.3	67.3
Pacific/Middle East/Africa													
Australia	(A$)	2.1278	-0.0071	267 - 289	2.1322	2.1087	2.1263	0.8	2.1242	0.7	2.1242	0.2	-
Hong Kong	(HK$)	11.5840	+0.0594	813 - 867	11.5878	11.4979	11.5636	2.1	11.5301	1.9	11.4388	1.3	-
India	(Rs)	47.0408	+0.2465	293 - 525	47.0580	46.6380	-	-	-	-	-	-	-
Japan	(Y)	167.215	+1.787	127 - 303	167.670	165.900	166.76	3.3	165.91	3.1	162.1	3.1	176.3
Malaysia	(M$)	4.1152	+0.0434	133 - 170	4.1170	4.0733	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.6520	+0.0063	499 - 540	2.6540	2.6317	2.6542	-1.0	2.6572	-0.8	2.659	-0.3	-
Philippines	(Peso)	41.6875	+0.2168	556 - 194	41.9194	41.4556	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.6213	+0.0279	200 - 226	5.6248	5.5814	-	-	-	-	-	-	-
Singapore	(S$)	2.4136	+0.0163	124 - 147	2.4153	2.3980	-	-	-	-	-	-	-
S Africa (Com.)	(R)	5.1180	+0.0296	134 - 226	5.1226	5.0840	-	-	-	-	-	-	-
S Africa (Fin.)	(R)	6.5381	-0.0032	295 - 466	6.5731	6.5150	-	-	-	-	-	-	-
South Korea	(Won)	1215.31	+6.47	503 - 559	1215.76	1206.43	-	-	-	-	-	-	-
Taiwan	(T$)	39.6706	+0.2213	565 - 847	39.6847	39.3900	-	-	-	-	-	-	-
Thailand	(Bt)	38.2910	+0.2215	621 - 199	38.3199	38.0010	-	-	-	-	-	-	-

†SDR rate for Jan 19. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1985 = 100.
Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Jan 20		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Morgan G'ty index
Europe													
Austria	(Sch)	12.2020	-0.056	995 - 045	12.3080	12.1995	12.2282	-2.6	12.2687	-2.2	12.3627	-1.3	102.7
Belgium	(BFr)	36.1905	-0.1245	680 - 130	36.4400	36.1680	36.3155	-4.1	36.5505	-4.0	37.1105	-2.5	102.4
Denmark	(DKr)	6.7585	-0.0195	560 - 610	6.7990	6.7560	6.7797	-3.8	6.8085	-3.0	6.8745	-1.7	103.6
Finland	(FM)	5.6430	-0.0231	380 - 480	5.6920	5.6380	5.6532	-2.2	5.6635	-1.5	5.7005	-1.0	76.0
France	(FFr)	5.9114	-0.0151	100 - 128	5.9490	5.9100	5.9297	-3.7	5.9574	-3.1	6.0224	-1.9	104.1
Germany	(D)	1.7358	-0.0082	355 - 360	1.7510	1.7355	1.7404	-3.1	1.7473	-2.7	1.7627	-1.5	103.7
Greece	(Dr)	248.700	-1	600 - 900	250.550	248.600	252.25	-17.1	259.05	-16.6	291.2	-17.1	71.8
Ireland	(I£)	1.4408	+0.0029	400 - 415	1.4400	1.4238	1.437	3.2	1.4309	2.7	1.4143	1.8	-
Italy	(L)	1695.90	-4.35	500 - 680	1706.25	1695.00	1703.8	-5.6	1715.6	-4.6	1756.95	-3.6	78.9
Luxembourg	(LFr)	36.1905	-0.1245	680 - 130	36.4400	36.1680	36.3155	-4.1	36.5505	-4.0	37.1105	-2.5	102.4
Netherlands	(Fl)	1.9454	-0.0085	449 - 459	1.9609	1.9449	1.9493	-2.4	1.955	-2.0	1.9665	-1.1	103.3
Norway	(NKr)	7.5122	+0.0099	112 - 132	7.5233	7.4822	7.5262	-2.2	7.5499	-2.0	7.6092	-1.3	94.9
Portugal	(Es)	175.400	-0.3	300 - 500	176.840	175.300	176.6	-8.2	178.67	-7.5	186.25	-6.2	94.3
Spain	(Pta)	142.325	-0.025	250 - 400	143.300	142.250	143.1	-6.5	144.295	-5.5	148.43	-4.3	80.1
Sweden	(SKr)	8.0906	-0.0197	856 - 956	8.1655	8.0850	8.1241	-5.0	8.1696	-3.9	8.3226	-2.9	81.2
Switzerland	(SFr)	1.4540	-0.0055	525 - 545	1.4685	1.4535	1.4553	-1.1	1.457	-0.8	1.454	0.0	105.0
UK	(£)	1.4996	+0.0078	993 - 998	1.5002	1.4885	1.4968	2.2	1.4919	2.0	1.4794	1.3	91.5
Ecu	-	1.1173	+0.0052	168 - 178	1.1178	1.1077	1.1139	3.7	1.1087	3.1	1.0961	1.9	-
SDR†	-	1.37519	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.0000	+0.0001	999 - 000	1.0000	0.9999	-	-	-	-	-	-	-
Brazil	(Cr)	406.975	+6.595	970 - 980	406.950	406.380	-	-	-	-	-	-	-
Canada	(C$)	1.3099	-0.0015	096 - 101	1.3120	1.3082	1.3107	-0.7	1.3116	-0.5	1.3144	-0.3	88.8
Mexico	(New Peso)	3.1060	+0.001	050 - 070	3.1057	3.1055	3.1077	-0.7	3.1118	-0.7	3.128	-0.6	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	102.3
Pacific/Middle East/Africa													
Australia	(A$)	1.4189	-0.0122	184 - 194	1.4288	1.4150	1.4199	-0.9	1.4231	-1.2	1.4306	-0.8	88.1
Hong Kong	(HK$)	7.7250	-0.0005	245 - 255	7.7255	7.7245	7.7265	-0.2	7.729	-0.2	7.74	-0.2	-
India	(Rs)	31.3700	+0.0012	675 - 725	31.3725	31.3675	31.45	-3.1	31.655	-3.6	-	-	-
Japan	(Y)	111.510	+0.615	470 - 550	111.750	111.260	111.425	0.9	111.205	1.1	109.605	1.7	140.0
Malaysia	(M$)	2.7443	+0.0148	435 - 450	2.7450	2.7301	2.7413	1.3	2.7398	0.7	2.7593	-0.5	-
New Zealand	(NZ$)	1.7685	-0.005	674 - 696	1.7721	1.7637	1.7698	-0.9	1.7737	-1.2	1.7843	-0.9	-
Philippines	(Peso)	27.8000	-	500 - 500	27.9500	27.6500	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7487	-0.0009	484 - 489	3.7495	3.7484	3.7532	-1.4	3.7662	-1.9	3.7755	-0.7	-
Singapore	(S$)	1.6095	+0.0025	090 - 100	1.6112	1.6090	1.6082	1.0	1.6059	0.9	1.6195	-0.6	-
S Africa (Com.)	(R)	3.4130	+0.002	105 - 155	3.4175	3.4105	3.4303	-6.1	3.4592	-5.4	3.5615	-4.4	-
S Africa (Fin.)	(R)	4.3600	-0.025	550 - 650	4.4100	4.3500	4.387	-7.4	4.44	-7.3	-	-	-
South Korea	(Won)	810.450	+0.1	400 - 500	810.600	810.200	813.45	-4.4	816.95	-3.2	835.45	-3.1	-
Taiwan	(T$)	26.4550	+0.01	500 - 600	26.4600	26.4500	26.5139	-2.7	26.635	-2.7	-	-	-
Thailand	(Bt)	25.5350	+0.015	200 - 500	25.5200	25.5300	25.575	-1.9	25.63	-1.5	25.855	-1.3	-

†SDR rate for Jan 19. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Morgan Guaranty Changes shown for Jan 19. Base average 1990=100

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Jan 20		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	18.67	16.33	4.796	1.918	4686	5.375	20.75	484.6	393.2	22.35	4.017	1.843	3.619	2.762	308.1	2.473
Denmark	(DKr)	53.57	10	8.751	2.570	1.028	2510	2.880	11.12	259.6	210.7	11.97	2.152	0.987	1.939	1.480	165.1	1.325
France	(FFr)	61.22	11.43	10	2.936	1.174	2869	3.290	12.70	296.7	240.7	13.68	2.459	1.128	2.215	1.691	188.6	1.514
Germany	(DM)	20.85	3.892	3.406	1	0.400	976.9	1.121	4.326	101.0	81.98	4.660	0.837	0.384	0.755	0.576	64.23	0.516
Ireland	(I£)	52.13	9.731	8.516	2.500	1	2443	2.802	10.82	252.6	205.0	11.65	2.094	0.961	1.887	1.440	160.6	1.289
Italy	(L)	2.134	0.398	0.349	0.102	0.041	100.	0.115	0.443	10.34	8.392	0.477	0.086	0.039	0.077	0.059	6.575	0.053
Netherlands	(Fl)	18.60	3.473	3.039	0.892	0.357	871.8	1	3.860	90.16	73.16	4.158	0.747	0.343	0.673	0.514	57.32	0.460
Norway	(NKr)	48.20	8.996	7.873	2.312	0.925	2258	2.591	10	233.6	189.5	10.77	1.936	0.888	1.744	1.331	148.5	1.192
Portugal	(Es)	20.63	3.852	3.371	0.990	0.396	966.9	1.109	4.281	100.	81.14	4.612	0.829	0.380	0.747	0.570	63.57	0.510
Spain	(Pta)	25.43	4.747	4.154	1.220	0.488	1192	1.367	5.276	123.2	100.	5.684	1.022	0.469	0.920	0.702	78.35	0.629
Sweden	(SKr)	44.74	8.351	7.308	2.146	0.858	2096	2.405	9.283	216.8	175.9	10	1.797	0.824	1.619	1.236	137.8	1.106
Switzerland	(SFr)	24.89	4.647	4.067	1.194	0.478	1167	1.338	5.165	120.6	97.89	5.564	1	0.459	0.901	0.688	76.70	0.616
UK	(£)	54.27	10.13	8.865	2.603	1.041	2543	2.917	11.26	263.0	213.4	12.13	2.180	1	1.964	1.499	167.2	1.342
Canada	(C$)	27.63	5.158	4.514	1.325	0.530	1295	1.485	5.733	133.9	108.7	6.176	1.110	0.509	1	0.763	85.13	0.683
US	($)	36.20	6.758	5.914	1.736	0.694	1696	1.946	7.512	175.5	142.4	8.092	1.454	0.667	1.310	1	111.5	0.895
Japan	(Y)	324.8	60.59	53.02	15.57	6.226	15209	17.45	67.34	1573	1276	72.55	13.04	5.981	11.75	8.965	1000.	8.026
Ecu		40.44	7.548	6.606	1.940	0.776	1895	2.174	8.390	196.0	159.0	9.039	1.624	0.745	1.463	1.117	124.6	1

Yen per 1,000; Danish Kroner, French Franc, Norwegian Kroner and Swedish Kronor per 10; Belgian Franc, Escudo, Lira and Peseta per 100.

■ **D-MARK FUTURES** (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.5701	0.5722	+0.0020	0.5726	0.5690	27,417	143,750
Jun	0.5695	0.5696	+0.0014	0.5695	0.5686	40	7,126
Sep	-	0.5660	-	0.5680	-	7	262

■ **SWISS FRANC FUTURES** (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.6831	0.6848	+0.0013	0.6854	0.6801	15,907	37,873
Jun	0.6845	0.6841	+0.0005	0.6852	0.6828	103	553
Sep	-	0.6834	+0.0002	-	-	7	28

■ **JAPANESE YEN FUTURES** (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.8994	0.8987	-0.0007	0.8997	0.8970	26,394	100,484
Jun	0.9010	0.9019	-0.0008	0.9019	0.9010	193	6,368
Sep	-	0.9068	-0.0057	-	-	39	384

■ **STERLING FUTURES** (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	1.4866	1.4938	+0.0064	1.4960	1.4844	8,880	43,077
Jun	1.4862	1.4880	+0.0052	1.4880	1.4862	21	1,016
Sep	-	1.4830	-	1.4850	-	1	11
Dec	-	1.4800	-	1.4810	-	7	10

EMS EUROPEAN CURRENCY UNIT RATES

Jan 20	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Ireland	0.808628	0.775278	-0.002606	-4.12	7.60	28
Netherlands	2.19672	2.17592	-0.00067	-0.95	4.15	-
Germany	1.94964	1.94227	-0.00087	-0.38	3.56	-
France	6.53883	6.60027	+0.0016	0.94	2.21	-8
Belgium	40.2123	40.4575	+0.0194	0.61	2.54	-4
Denmark	7.43679	7.54748	+0.00365	1.49	1.65	-10
Portugal	192.854	196.410	+0.793	1.84	1.30	-12
Spain	154.250	159.135	+0.967	3.17	0.00	-22
NON ERM MEMBERS						
Greece	264.513	278.177	-0.042	5.17	-1.90	-
Italy	1793.19	1895.23	+2.94	5.69	-2.39	-
UK	0.786749	0.743449	-0.001935	-5.50	9.18	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ **PHILADELPHIA SE £/$ OPTIONS** £31,250 (cents per pound)

Strike Price	CALLS Feb	CALLS Mar	CALLS Apr	PUTS Feb	PUTS Mar	PUTS Apr
1.400	9.24	9.06	9.10	-	0.06	0.32
1.425	6.81	6.78	7.02	0.06	0.19	0.68
1.450	4.41	54.66	5.13	0.43	0.55	1.27
1.500	2.39	2.87	3.54	1.45	1.25	2.15
1.500	0.90	1.59	2.34	3.17	2.41	3.33
1.525	0.23	0.76	1.44	5.44	4.02	4.92

Previous day's vol., Calls 508,865 Puts 468,635. Prev. day's open int., Calls 8,770 Puts 5,468

WORLD INTEREST RATES

MONEY RATES

January 20	Over night	One month	Three mths	Six mths	One year	Lomb. Inter.	Dis. rate	Repo rate
Belgium	7 3/8	7 1/4	7 1/8	6 13/16	6 5/8	7.40	5.25	-
week ago	7 5/8	7 1/4	7 1/8	6 7/8	6 5/8	7.40	5.25	-
France	6 1/2	6 1/2	6 1/4	6	5 3/4	6.20	-	7.75
week ago	6 9/16	6 1/2	6 1/4	6	5 3/4	6.20	-	7.75
Germany	5.96	6.05	5.80	5.60	5.30	6.75	5.75	6.00
week ago	6.05	6.05	5.80	5.55	5.20	6.75	5.75	6.00
Ireland	5 13/16	5 7/8	5 13/16	5 11/16	5 5/8	-	-	6.75
week ago	6 1/4	5 15/16	6 1/8	5 7/8	5 5/8	-	-	6.75
Italy	9 1/16	8 7/8	8 3/4	8 1/2	7 7/8	-	8.00	8.92
week ago	9 1/16	8 3/4	8 5/8	8 3/8	7 15/16	-	8.00	8.92
Netherlands	5.56	5.38	5.28	4.99	4.80	-	5.25	-
week ago	5.56	5.38	5.19	4.99	4.80	-	5.25	-
Switzerland	4 1/8	4 1/8	4	3 7/8	3 3/4	6.625	4.00	-
week ago	4 1/8	4 1/8	4	3 7/8	3 13/16	6.625	4.25	-
US	3	3 1/4	3 3/8	3 3/8	3 11/16	-	3.00	-
week ago	2 15/16	3 1/4	3 3/8	3 3/8	3 11/16	-	3.00	-
Japan	2 1/4	2 1/4	2 1/8	2	1 13/16	-	1.75	-
week ago	2 3/8	2 1/4	2 1/8	2 1/8	2	-	1.75	-
■ **$ LIBOR FT London**								
Interbank Fixing	-	3 1/4	3 3/8	3 1/2	3 3/4	-	-	-
week ago	-	3 1/4	3 3/8	3 1/2	3 11/16	-	-	-
US Dollar CDs	-	2.96	3.05	3.18	3.47	-	-	-
week ago	-	2.96	3.01	3.14	3.44	-	-	-
SDR Linked Ds	-	3 3/8	3 3/8	3 5/16	3 5/16	-	-	-
week ago	-	3 5/16	3 5/16	3 3/8	3 3/8	-	-	-

3 Month US Treasury Bill Yield, 3.02 Prime Rate 6pc $ LIBOR Interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US $ CDs and SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Jan 20	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	7 5/16 - 7 3/16	7 5/16 - 7 3/16	7 1/4 - 7 1/8	7 3/16 - 7 1/16	6 15/16 - 6 13/16	6 3/8 - 6 1/4
Danish Krone	7 1/4 - 7	6 3/4 - 6 1/2	6 5/8 - 6 3/8	6 1/2 - 6	5 7/8 - 5 5/8	5 5/8 - 5 3/8
D-Mark	6 1/8 - 6	6 3/16 - 6 1/16	6 1/8 - 6	5 7/8 - 5 3/4	5 5/8 - 5 1/2	5 7/16 - 5 5/16
Dutch Guilder	5 1/16 - 5	5 1/16 - 5	5 7/16 - 5 5/16	5 5/16 - 5 3/16	5 3/16 - 5 1/16	4 13/16 - 4 11/16
French Franc	6 5/8 - 6 1/2	6 5/8 - 6 1/2	6 7/16 - 6 5/16	6 3/8 - 6 1/4	6 - 5 7/8	5 5/8 - 5 1/2
Portuguese Esc.	10 7/8 - 10 5/8	10 7/8 - 10 5/8	11 - 10 3/4	10 13/16 - 10 9/16	10 7/8 - 10 1/2	10 1/2 - 10
Spanish Peseta	9 3/8 - 9 1/8	9 3/8 - 9 1/8	9 3/8 - 9 1/8	8 13/16 - 8 3/4	8 1/2 - 8 3/8	8 1/8 - 8
Sterling	5 3/8 - 5 1/4	5 7/16 - 5 5/16	5 7/16 - 5 5/16	5 3/8 - 5 1/4	5 5/16 - 5 3/16	5 1/4 - 5 3/16
Swiss Franc	4 1/4 - 4	4 1/4 - 4	4 1/8 - 4 1/16	4 - 3 7/8	3 7/8 - 3 3/4	3 11/16 - 3 9/16
Can. Dollar	3 13/16 - 3 5/8	3 13/16 - 3 5/8	3 3/4 - 3 5/8	3 3/4 - 3 5/8	3 7/8 - 3 3/4	4 1/16 - 3 15/16
US Dollar	3 1/4 - 2 15/16	3 1/4 - 2 15/16	3 1/8 - 3	3 1/4 - 3 1/8	3 7/16 - 3 5/16	3 3/4 - 3 5/8
Italian Lira	10 - 8	8 1/2 - 8	8 3/8 - 7 7/8	8 3/8 - 7 7/8	8 1/8 - 7 3/4	8 1/8 - 7 3/4
Yen	2 3/8 - 2 1/4	2 5/16 - 2 1/4	2 3/8 - 2 1/4	2 1/4 - 2 1/8	2 1/16 - 2	2 - 1 15/16
Asian $Sing	3 1/2 - 2 1/2	3 1/2 - 2 1/2	3 1/2 - 2 1/2	4 - 3	4 - 3	4 1/4 - 3 1/4

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ **THREE MONTH PIBOR FUTURES** (MATIF) Paris Interbank offered rate

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	94.18	94.06	-0.13	94.21	94.05	70,162	117,654
Jun	94.71	94.58	-0.12	94.72	94.57	34,078	83,555
Sep	95.03	94.97	-0.09	95.09	94.97	10,650	34,734
Dec	95.35	95.28	-0.07	95.37	95.28	4,176	26,876

■ **THREE MONTH EURODOLLAR** (LIFFE)* $1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	96.61	96.63	0.01	96.62	96.61	258	5336
Jun	96.32	96.34	0.02	96.32	96.31	216	3172
Sep	96.03	96.05	0.02	96.03	96.02	49	949
Dec	-	95.66	0.02	-	-	0	304

■ **THREE MONTH EUROMARK FUTURES** (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	94.46	94.37	-0.10	94.48	94.37	101239	249448
Jun	94.92	94.82	-0.10	94.95	94.81	81936	171521
Sep	95.26	95.19	-0.08	95.29	95.17	34636	143469
Dec	95.50	95.41	-0.08	95.53	95.40	16447	107056

■ **THREE MONTH EUROLIRA INT.RATE FUTURES** (LIFFE) L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	92.07	91.92	-0.13	92.08	91.91	7765	49268
Jun	92.61	92.50	-0.10	92.61	92.49	2926	30090
Sep	92.98	92.90	-0.08	93.01	92.89	1897	22466
Dec	93.21	93.11	-0.08	93.21	93.10	1181	8811

■ **THREE MONTH EURO SWISS FRANC FUTURES** (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	96.25	96.21	-0.04	96.26	96.18	8119	38229
Jun	96.52	96.48	-0.04	96.54	96.45	2242	13992
Sep	96.62	96.60	-0.05	96.64	96.58	326	5773
Dec	-	96.62	-0.06	-	-	0	1865

■ **THREE MONTH ECU FUTURES** (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	94.04	93.97	-0.08	94.07	93.93	2670	13828
Jun	94.55	94.49	-0.06	94.58	94.46	722	10108
Sep	94.94	94.88	-0.06	94.97	94.89	263	7830
Dec	95.26	95.18	-0.06	95.26	95.15	45	5162

* LIFFE futures traded on APT

■ **THREE MONTH EURODOLLAR** (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	96.61	96.62	+0.01	96.62	96.60	30,086	424,304
Jun	96.31	96.33	+0.02	96.33	96.29	47,457	384,356
Sep	96.02	96.03	+0.01	96.03	95.99	45,006	267,512
Dec	95.63	95.64	+0.01	95.65	95.60	25,059	203,323

■ **US TREASURY BILL FUTURES** (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	96.90	96.91	+0.01	96.61	96.90	737	26,186
Jun	96.63	96.64	-	96.64	96.63	429	7,949
Sep	96.37	96.37	-0.01	96.27	96.37	7	2,328

All Open Interest figs. are for previous day

■ **EUROMARK OPTIONS** (LIFFE) DM1m points of 100%

Strike Price	CALLS Mar	CALLS Jun	CALLS Sep	PUTS Mar	PUTS Jun	PUTS Sep
9425	0.16	0.59	0.96	0.04	0.02	0.02
9450	0.05	0.37	0.73	0.18	0.05	0.04
9475	0.01	0.19	0.51	0.39	0.12	0.07

Est. vol. total, Calls 23201 Puts 10336. Previous day's open int., Calls 178764 Puts 117498

■ **EURO SWISS FRANC OPTIONS** (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Mar	CALLS Jun	CALLS Sep	PUTS Mar	PUTS Jun	PUTS Sep
9600	0.23	0.51	0.64	0.02	0.03	0.04
9625	0.08	0.28	0.43	0.12	0.05	0.08
9650	0.02	0.13	0.26	0.31	0.15	0.16

Est. vol. total, Calls 0 Puts 0. Previous day's open int., Calls 1149 Puts 2780

UK INTEREST RATES

LONDON MONEY RATES

Jan 20	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	5 1/2 - 4	5 3/8 - 5	5 7/16 - 5 5/16	5 3/8 - 5 1/4	5 5/16 - 5 3/16	5 1/4 - 5 1/8
Sterling CDs	-	-	5 7/32 - 5 11/32	5 7/32 - 5 9/32	5 1/8 - 5 3/32	5 - 5 1/8
Treasury Bills	-	-	5 3/16 - 5 1/8	5 - 4 15/16	-	-
Bank Bills	-	-	5 3/16 - 5 1/8	5 3/32 - 5 1/16	5 - 4 31/32	-
Local authority deps.	4 13/16 - 4 11/16	5 3/16 - 5 1/16	5 3/8 - 5 1/4	5 5/16 - 5 7/16	5 5/16 - 5 3/16	5 3/16 - 5 1/16
Discount market deps.	5 1/2 - 4 1/2	5 1/8 - 5	-	-	-	-

UK clearing bank base lending rate 5½ per cent from November 23, 1993

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	1 3/4	4 1/4	4	3 3/4	3 3/4

Certs of Tax dep. under £100,000 is 2¼pc. Deposits withdrawn for cash 1pc.
Ave. tender rate of discount 4.9094pc. ECGD fixed rate Stg. Export Finance. Make up day December 31, 1993. Agreed rate for period Jan 26, 1994 to Feb 25, 1994, Schemes II & III 6.65pc. Reference rate for period Dec 1, 1993 to Dec 31, 1993, Schemes IV & V 5.375pc. Finance House Base Rate 5½pc from Jan 1, 1994

■ **THREE MONTH STERLING FUTURES** (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	94.82	94.75	-0.07	94.83	94.73	35256	108089
Jun	94.99	94.92	-0.07	95.01	94.92	27010	109807
Sep	95.03	94.96	-0.05	95.03	94.95	8479	56977
Dec	95.00	94.94	-0.05	95.02	94.93	7967	67734

Traded on APT. All Open interest figs. are for previous day.

■ **SHORT STERLING OPTIONS** (LIFFE) £500,000 points of 100%

Strike Price	CALLS Mar	CALLS Jun	CALLS Sep	PUTS Mar	PUTS Jun	PUTS Sep
9475	0.10	0.27	0.38	0.10	0.10	0.17
9500	0.03	0.13	0.23	0.28	0.21	0.27
9525	0.01	0.05	0.13	0.51	0.38	0.42

Est. vol. total, Calls 4602 Puts 2572. Previous day's open int., Calls 143474 Puts 133627

BASE LENDING RATES

	%		%		%
Adam & Company	5.5	Duncan Lawrie	5.5	* Roxburghe Bank Ltd is no longer authorised as a banking institution.	8
Allied Trust Bank	5.5	Exeter Bank Limited	6.5	Royal Bk of Scotland	5.5
AIB Bank	5.5	Financial & Gen Bank	6	●Smith & Williamson Secs.	5.5
●Henry Ansbacher	5.5	●Robert Fleming & Co	5.5	Standard Chartered	5.5
Bank of Baroda	5.6	Girobank	5.5	TSB	5.5
Banco Bilbao Vizcaya	5.5	●Guinness Mahon	5.5	●United Bk of Kuwait	5.5
Bank of Cyprus	5.5	Habib Bank AG Zurich	5.5	Unity Trust Bank Plc	5.5
Bank of Ireland	5.5	●Hambros Bank	5.5	Western Trust	5.5
Bank of India	5.5	Heritable & Gen Inv Bk.	5.5	Whiteaway Laidlaw	5.5
Bank of Scotland	5.5	●Hill Samuel	5.5	Wimbledon & Sth West.	6.5
Barclays Bank	5.5	C. Hoare & Co	5.5	Yorkshire Bank	5.5
Brit Bk of Mid East	5.5	Hongkong & Shanghai.	5.5		
●Brown Shipley	5.5	Julian Hodge Bank	5.5		
CL Bank Nederland	5.5	●Leopold Joseph & Sons	5.5		
Citibank NA	5.5	Lloyds Bank	5.5		
City Merchants Bank	5.5	Meghraj Bank Ltd	5.5		
Clydesdale Bank	5.5	Midland Bank	5.5		
The Co-operative Bank	5.5	* Mount Banking	6		
Coutts & Co	5.5	NatWestminster	5.5		
Credit Lyonnais	5.5	●Rea Brothers	5.5		
Cyprus Popular Bank	5.5				

● Members of British Merchant Banking & Securities Houses Association
* In administration

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Jan 20 / Sch)

BELGIUM/LUXEMBOURG (Jan 20 / Frs.)

DENMARK (Jan 20 / Kr)

FINLAND (Jan 20 / Mks)

FRANCE (Jan 20 / Frs.)

GERMANY (Jan 20 / Dm.)

ITALY (Jan 20 / Lire)

NETHERLANDS (Jan 20 / Fls.)

NORWAY (Jan 20 / Kroner)

SPAIN (Jan 20 / Pts.)

SWEDEN (Jan 20 / Kronor)

SWITZERLAND (Jan 20 / Frs.)

PACIFIC

JAPAN (Jan 20 / Yen)

AUSTRALIA (Jan 20 / Aust$)

HONG KONG (Jan 20 / H.K.$)

MALAYSIA (Jan 20 / MYR)

SINGAPORE (Jan 20 / S$)

NORTH AMERICA

CANADA

TORONTO (Jan 20 / Can $) 4 pm close

MONTREAL (Jan 20 / Can $) 4 pm close

AFRICA

SOUTH AFRICA (Jan 20 / Rand)

Prices supplied by Telekurs

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are based on data from Jan 1 1993. # Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

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■ TOKYO - MOST ACTIVE STOCKS: Thursday, January 20, 1994

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Fujitsu	14.4m	913	+8	Mitsubishi Hvy	5.8m	574	+16
Oki Elec	9.0m	605	-3	Takara Shuzo	5.3m	790	+50
Nippon Steel	8.9m	325	+5	Nikko Sec	5.2m	1,220	+20
Kawasaki Steel	8.1m	322	+2	Hitachi	4.9m	858	-2
Daiichi Kangyo	6.2m	1,940	+80	NEC	4.8m	971	-7

INDICES

■ CAC-40 STOCK INDEX FUTURES (MATIF)

	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
Jan	2291.0	2266.0	-20.0	2294.0	2255.0	30,513	31,088
Feb	2303.0	2279.0	-20.0	2303.0	2731.0	1,451	4,879
Mar	2315.0	2291.0	-20.0	2317.0	2281.0	1,230	36,638
Jun	-	2286.0	-20.0	-	-	-	2,295

Open interest figures for previous day.

** Sat Jan 15: Taiwan Weighted Price 6087.12; Korea Comp Ex 868.65. Base values of all indices are 100 except: Australia All Ordinary and Mining - 500; Austria Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall; Toronto Comp./Metals & Minerals and DAX - all 1,000; JSE Gold - 255.7; JSE 20 Industrials - 264.3; NYSE All Common - 50 and Standard and Poor's - 10. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. † IBIS/DAX after-hours index: Jan 20 - 2098.38 -34.16.

US INDICES

Dow Jones	Jan 19	Jan 18	Jan 17	1993/4 High	1993/4 Low	Since compilation High	Since compilation Low
Industrials	3884.37	3870.29	3870.29	3884.37 (19/1/94)	3241.95 (20/1/93)	3884.37 (19/1/94)	41.22 (2/7/32)
Home Bonds	105.40	105.52	105.29	109.77 (18/10/93)	103.49 (11/1/93)	109.77 (18/10/93)	54.99 (1/10/81)
Transport	1826.87	1822.56	1822.58	1834.81 (14/1/94)	1453.84 (4/1/93)	1834.81 (14/1/94)	12.32 (8/7/32)
Utilities	220.08	220.60	220.21	256.46 (31/8/93)	217.14 (8/1/93)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's high 3909.87 (3905.19) Low 3839.34 (3840.75) (Theoretical♦)
Day's high 3885.49 (3882.11) Low 3864.38 (3864.10) (Actual♦)

Standard and Poors	Jan 19	Jan 18	Jan 17	1993/4 High	1993/4 Low	Since compilation High	Since compilation Low
Composite ‡	474.30	474.25	473.30	475.27 (10/1/94)	429.05 (8/1/93)	475.27 (10/1/94)	4.40 (1/6/32)
Industrials	552.99	552.91	551.91	553.49 (10/1/94)	496.48 (25/4/93)	553.49 (10/1/94)	3.62 (21/6/32)
Financial	44.60	44.98	45.08	48.40 (28/9/93)	39.89 (8/1/93)	48.40 (28/9/93)	8.64 (1/10/74)
NYSE Comp.	262.95	262.76	262.31	262.95 (19/1/94)	236.21 (8/1/93)	262.95 (19/1/94)	4.46 (25/4/42)
Amex Mkt Val	483.28	481.94	481.78	484.28 (2/11/93)	395.84 (8/1/93)	484.28 (2/11/93)	29.31 (9/12/72)
NASDAQ Cmp	789.28	793.02	792.18	793.02 (18/1/94)	645.87 (26/4/93)	793.02 (18/1/94)	54.87 (31/10/72)

■ RATIOS

	Jan 14	Jan 7	Dec 31	Year ago
Dow Jones Ind. Div. Yield	2.62	2.65	2.68	3.17
	Jan 12	Jan 5	Dec 29	Year ago
S & P Ind. Div. yield	2.35	2.38	2.38	2.58
S & P Ind. P/E ratio	26.07	27.72	27.21	26.85

■ STANDARD AND POORS 500 INDEX FUTURES $500 times index

	Open	Latest	Change	High	Low	Est. vol.	Open Int.
Mar	474.10	473.95	-0.20	474.35	473.60	51,874	179,923
Jun	-	475.15	-0.25	-	-	683	4,951
Sep	-	476.55	-0.25	-	-	41	859

Open interest figures are for previous day

■ NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Close price	Change on day
Pfizer	5,781,000	63	-⅞
RJR Nabisco	5,157,900	6¾	+⅛
Telefonos	4,697,200	67½	+½
Merck	4,599,800	35¼	-⅛
Chrysler	3,851,300	61⅛	-1⅜
East Kodak	3,453,800	43	-1
Banc One	3,363,300	35⅝	-1¼
Citicorp	3,203,000	40	-1¼
Dig Equip	2,841,300	32½	-3⅜
Chem Bank	2,715,100	38⅛	-1⅜

■ TRADING ACTIVITY

● Volume (million)	Jan 19	Jan 18	Jan 17
New York SE	310.829	301.408	221.337
Amex	18.263	19.501	15.529
NASDAQ	(u)	319.439	243.446
NYSE			
Issues Traded	2,725	2,719	2,695
Rises	1,113	1,198	997
Falls	980	896	1,054
Unchanged	632	625	644
New Highs	138	154	117
New Lows	20	22	15

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation.
♦ The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

4 pm close January 20

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

- A -

- B -

- C -

- D -

- E -

- F -

- G -

- H -

- I -

- J -

- K -

- L -

- M -

- N -

- O -

- P - Q -

- R -

- S -

Continued on next page

4 pm close January 20

NYSE COMPOSITE PRICES

1993/94 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
Continued from previous page										
53½	37½	StJoePaper	0.20	0.4	280	102	53⅛	53	53⅛	-¼
37⅞	28	StJosL&P	1.80	6.3	11	115	28⅝	28⅜	28½	+¼
96	75	StPaul	2.80	3.2	42	713	88¼	87	88¼	+¾
11⅞	6⅛	Salant Crp			11	436	9⅜	8½	9	+⅜
75¼	38⅞	Sallie Mae	1.40	2.9	9	691	47¾	47	47¾	+⅛
14⅞	12⅝	Salomon Br	0.55	4.2		727	13½	13¼	13¼	-¼
51⅞	34	Salomn	0.64	1.4	11	1290	45½	45⅛	45½	+⅜
27¾	23¼	SnDgGE	1.48	6.3	12	407	23⅝	23½	23⅝	-⅛
5	3½	SantaFeEDo	0.40	8.2	48	10	4⅞	4⅞	4⅞	
11⅞	8⅞	SantaFeERa	1.40	14.5	320	1520	9⅝	9⅝	9⅝	-⅛
40¾	35¾	SantaFePac	2.80	7.0	18	68	40	39¾	39¾	
26¼	12¾	SanFeP	0.10	0.4	10	6770	25¼	24⅝	25¼	-⅜
31⅛	21	SaraLee	0.64	2.7	16	5233	23⅞	23⅜	23¾	+¼
52¼	40⅛	Scana Corp	2.74	5.7	13	194	48⅛	47¾	47⅞	-⅛
25¼	18	Scecrp	1.42	7.3	13	5858	19⅜	19⅛	19⅜	+¼
38⅞	23⅞	SchererRP			30	358	37¼	36⅞	37	
71	51¾	SchPl	1.80	2.8	15	7835	64⅝	63⅜	63¾	-⅝
68⅞	55⅞	Schlmb	1.20	2.0	23	5141	60⅜	58½	59¼	-½
38⅜	16½	Schwab(C)	0.28	1.0	13	4544	28⅛	27	27⅞	+⅝
7¾	5⅞	Schwitzer			103	2100	7¼	7¼	7¼	
38⅞	17¾	SciAtl	0.12	0.3	53	582	35	34⅛	35	+½
14⅞	9⅛	Scotman	0.10	0.7	14	423	u15	14¾	14¾	-⅛
44	31	ScottP	0.80	1.9	26	3557	42⅞	42⅜	42⅝	-¼
28⅝	14¾	ScuddrNAsF	0.27	1.0		248	28⅜	25½	28¾	+⅛
11⅛	7½	ScuddrNEuF	0.16	1.5		670	10⅝	10½	10⅝	
31½	16¾	SeaCnB	0.70	3.9	8	19	18	17⅝	18	
17	15	SeaC1.4625	1.46	9.1		11	16¼	15⅞	16	
30⅜	24½	Seagrm	0.56	1.9	38	3007	29⅞	29⅝	29⅞	+⅛

- X - Y - Z -

1993/94 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
7	2¾	Worldcorp			2	79	6	5¾	5¾	-⅛
48⅛	29½	Wrigley	0.40	0.9	30	523	45¼	44¼	45¼	+1
21	14	Wyle Labor	0.28	1.5	14	86	18⅛	18	18⅛	
23¾	16¾	Wymns Int	0.44	2.0	13	104	22⅝	21¼	22⅛	+⅝
93	69⅞	Xerox	3.00	3.2	37	2996	u93½	92⅜	93½	+½
55½	51½	Xerox4 125	4.12	7.8		2	53	53	53	
53	31¼	Xtra Corp	0.48	1.0	22	260	49¾	49¼	49½	+⅜
29¼	19½	Yankee Egy	1.16	4.8	14	120	24⅝	23¾	24⅜	+½
1⅝	¾	Zapata			17	474	1⅜	1¼	1¼	-⅛
10½	5⅞	ZnthEl			3	751	8¼	8⅛	8¼	+⅛
29¼	19⅝	Zenith Nat	1.00	4.3	10	82	23⅛	22⅝	23⅛	+½
8	6½	Zenix Inc	0.82	10.7		124	7¾	7⅝	7⅝	
16⅝	12⅝	Zero	0.40	2.9	17	100	13¾	13⅜	13¾	+⅜
40¾	25⅛	Zurn Ind	0.88	3.1	60	680	28¼	27⅜	28	+⅝
13⅞	12⅝	Zweig Fund	1.24	9.0		157	13¾	13⅝	13¾	+⅛
10⅞	9⅞	Zweig Totl	0.96	9.0		335	10¾	10⅝	10⅝	-⅛

Price data supplied by Telekurs

Yearly highs and lows reflect the period from Jan 1 1993.
Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.
a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

NASDAQ NATIONAL MARKET

4 pm close January 20

AMEX COMPOSITE PRICES

4 pm close January 20

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
Adv Magn		38	7	13¾	13½	13¾	+¼
Air Expr	0.20	12	153	19⅞	19¼	19⅞	+⅛
Alfin Inc		1	408	1⅛	1⅛	1¼	
Alpha Ind		11	277	4¼	3⅞	4	+⅛
Am Isr Pa	1.04	12	6	44½	44	44	-1½
AmMaize A	0.84	30	58	18⅞	18⅛	18⅛	-⅝
Amdahl	0.05	1	992	6⅞	6½	6⅞	+⅛
Am Expl		2	1529	1⅜	1⅛	1⅛	
Ampal-AmA		69	273	12½	12¼	12½	+⅛
ASR Inv	0.72	0	114	1⅛	1⅛	1⅛	-⅛
Astrotech		53	10	3¾	3¾	3¾	
Atari		7	987	7⅝	7⅛	7⅛	
AtlasCM B		1	142	⅞	⅞	⅞	-⅛
Audiovox A		16	931	18	17⅛	17⅝	+⅛
B&H Ocean	0.55	1	2	3⅜	3⅜	3⅜	
Badgermtr	0.88	34	10	19	19	19	
BaldwnT A	0.04	23	190	5¼	5⅛	5⅛	-⅛
Barry RG		18	66	16⅜	15⅛	15⅞	+⅝
BAT Ind	0.29	14	62	7¾	7⅝	7¾	
Beard Oil		0	2	⅜	⅜	⅜	
Bergen Br	0.40	22	678	18	17¾	17¾	
Binks Man	0.50	181	4	22⅝	22⅝	22⅝	+¼
Bio-Rad A		19	114	12¼	11⅞	12	-⅛
Blount A	0.50	31	68	28⅝	28⅜	28⅜	-¼
Bolar Ph		42	208	8⅝	8⅜	8⅝	
Bow Valley		41	34	10	9¾	9⅞	
Bowmar		67	39	4¼	3½	4⅛	+⅛
Bowne	0.30	10	65	21⅛	20¾	20⅞	
Brascan A	1.04	14	172	u13¾	13⅝	13⅝	
Cal Engy		17	1344	17¾	17⅝	17⅝	
Calprop		0	2	1⅛	1⅛	1⅛	
Cambrex	0.20	13	2	20¼	20¼	20¼	
Can Marc	0.28	15	21	11	10⅞	10⅞	
Chmbrs A	0.01	10	2785	5⅞	5⅛	5¼	-⅛
Chambers		11	31	5¼	5⅛	5¼	+⅛
Champion		31	148	u21⅞	20¾	21⅝	+⅝

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
Chiles		24	529	4⅜	4	4⅜	+⅜
Cmtrl FdA	0.01		891	5⅝	5⅜	5⅜	-¼
Cominco	0.30	8	17	18¾	18½	18⅝	
Computrac		6	25	1⅛	1⅛	1⅛	
Concd FbA		6	141	9⅞	9⅞	9⅞	
CrossAT A	0.64	237	406	14⅝	14⅛	14¼	
Crown C A	0.40	9	29	18⅝	18½	18½	
Crown C B	0.40	13	70	15⅝	15	15⅝	+⅜
Cubic	0.53	60	11	22⅛	21⅞	21⅞	-⅛
Customedix		14	7	2⅝	2⅝	2⅝	-⅛
DI Inds		13	5	⅝	⅝	⅝	
Dimark		22	149	13¾	13½	13⅝	+⅛
Ducommun		5	15	3	3	3	
Duplex	0.48	60	59	11⅝	11⅝	11½	-⅜
DWG Corp		18	525	31⅛	30⅞	30⅞	
Eastn Co	0.48	15	75	12⅝	12	12¼	+⅛
Eastgroup	1.72	205	128	20½	20⅛	20¼	-⅛
Echo Bay	0.07	80	12689	14½	13¾	14	-¼
Ecol En A	0.28	12	20	15½	15⅜	15⅜	
Edisto Rs		5	183	7½	7½	7½	+⅛
Elan		19	900	48⅛	44⅞	44¾	-1⅝
Engy Serv		82	782	3⅞	3⅜	3⅜	-⅛
Epitope		11	142	20⅛	19⅞	19⅞	-¼
Fab Inds	0.64	13	60	35	34⅞	35	
Fina A	3.20	11	2	68¾	68⅝	68¾	+¼
FstCtyBnc	0.30	12	z100	11⅞	11⅞	11¾	+¼
Fluke (J)	0.52	64	45	25⅞	25⅝	25⅝	-¼
Forest La		30	886	u47⅞	46⅞	47⅞	+1⅛
Frequency		4	3	5¼	5¼	5¼	
Fr ofLoom		12	2750	32¾	32	32⅝	
Garan	0.80	9	92	32⅝	32⅜	32⅝	-¼
Giant FdA	0.70	16	213	25⅛	24⅝	25	-⅛
Glatfltr	0.70	30	93	18⅞	18½	18½	-¼
Goldfield		11	81	⅝	⅝	⅝	
Greenman		35	73	6¾	6⅝	6¾	+⅛

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
Gulf Cda	0.34	2	202	3 7/16	3 5/16	3 5/16	-1/16
Hasbro	0.24	16	1852	34⅞	34¼	34⅜	+½
Health Ch		6	140	4⅜	4¼	4⅜	+¼
Healthwst		3	313	3⅝	3⅜	3¼	
Heico Cp	0.15	29	z100	10¾	10⅜	10⅜	
Hillhaven		12	879	3 15/16	3⅞	3 15/16	
Horn&Hdt		82	360	4⅛	4⅞	4⅞	
HvnanianA		30	97	15⅝	15¼	15¼	-⅜
ICH Corp		1	1681	6⅞	6½	6⅞	-⅛
InstronCp	0.12	28	60	11⅝	11⅜	11½	
Int. Comis		4	1030	5½	5¼	5⅜	-⅛
Intermagn		73	537	15	14⅜	14⅞	+⅜
Intermark	0.12	0	159	¼	¼	¼	
IntTelchg		0	380	¼	½	½	
Ivax	0.04	29	981	29⅝	29⅛	29¼	-⅛
Jan Bell		37	676	10⅛	9⅞	10⅛	+¼
Ketema		20	35	13⅞	13⅝	13⅝	-¼
Kinark Cp		21	18	4	3⅞	4	+⅛
Kirby Exp		33	1545	u22½	21½	22⅛	+⅝
Labarge		12	16	1⅞	1⅞	1⅞	
Laser Ind		24	36	8⅞	8⅞	8⅞	-⅛
Lee Pharm		19	35	1¾	1⅝	1¾	+⅛
Lionel Cp		0	240	⅞	⅞	⅞	
Lumex Inc		12	185	10⅛	9⅞	10⅛	+⅜
Lynch Cp		7	69	24⅝	23¼	24⅝	+1¾
Matec/Sc		24	645	23⅞	23⅝	23¾	
Maxxam		4	35	41	40½	40¾	-½
Media A	0.44	29	326	28¼	27⅝	27¾	
Mem Co	0.20	3	75	4⅛	3⅞	4⅛	
Moog A		12	179	8⅝	8⅜	8½	+¼
MSR Expl		2	18	⅝	⅝	⅝	
Nat Ptnt		10	242	4⅝	4⅛	4⅝	
New Line		35	153	25⅞	25⅝	25⅝	-⅛
NY TimA	0.56	85	1838	28½	28	28⅜	+⅛

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
NthCanOil	0.20	19	2	10	10	10	+⅛
Numac O&G		82	15	6⅝	6⅝	6⅝	
NV Ryan		1	1294	7/16	⅜	⅜	
Odetics A		34	135	9¾	9½	9¾	
Olsten	0.24	60	690	30¾	30⅛	30¾	+⅜
Pegasus G	0.40	126	1218	24	22½	22¾	-1⅛
Perini	0.80	2	23	11⅞	11¾	11⅞	+⅛
Pet Ht&P	1.88	27	z100	20	20	20	
Phil LD	0.23	21	1985	79¼	78⅛	79⅛	+1⅞
Pittway A	0.50	17	117	32	31⅞	32	+⅜
Ply Gem	0.12	28	1681	u21⅛	20⅛	20⅞	+⅞
PMC	0.95	17	119	u15½	15⅛	15⅜	+⅛
PresidioA	0.10	1	132	1⅞	1 13/16	1⅞	-1/16
RaganBrad		31	2	29	29	29	-½
RB&W Cp		3	z100	6⅞	6⅞	6⅞	-⅛
RiedelEnv		4	67	2⅞	2⅝	2¾	-1/16
SJW Corp	2.04	12	3	39¾	39¾	39¾	-⅛
SthnUnion		27	157	31⅞	30½	30½	-¾
Sterl El	0.04	12	146	11⅛	10⅞	10⅝	-½
TII Ind		24	90	3⅜	3¼	3⅜	+1/16
Tab Prods	0.20	52	3	9⅜	9⅜	9⅜	
Tel&Data	0.34	58	165	48⅝	48⅛	48⅜	-⅛
Thermedcs		69	366	14	13⅞	13⅞	-⅛
Thermolns		35	58	33	32½	33	+⅜
TotPtNA	0.20	23	1137	u14⅛	13¾	14	+⅜
TownCntry		1	363	3⅛	2⅞	3	-⅛
Tubos Mex		18	949	6⅞	5⅛	5¾	-⅛
UtdFoodsA		4	36	1⅞	1 13/16	1 13/16	
UtdFoodsB	0.20	96	20	1 1/16	1 1/16	1 1/16	+1/16
UnivPtnts		18	13	6⅝	6½	6½	
US Cellul		230	538	30⅞	30	30	-1
Weatherfd		30	1232	10⅝	10⅛	10½	
Westamer	0.60	20	127	29¼	27½	29	+1⅝
WIRET	1.12	18	271	12⅞	12⅝	12⅞	+⅛
Worthen	0.20	10	79	23	22⅝	22⅞	+⅜
Xytronix		7	27	7⅛	7½	7¾	+⅛

AMERICA

Results keep Dow in record territory

Wall Street

The bellwether US blue-chip index again moved into record territory yesterday morning but a fresh batch of corporate results failed to lift the broader market, *writes Frank McGurty in New York.*

By 1 pm, the Dow Jones Industrial Average was 5.90 ahead at 3,890.27, but the Standard & Poor's 500 was 0.33 lower at 473.97. In the secondary markets, the American SE composite edged 0.14 higher to 483.42. Rebounding technology issues lifted the Nasdaq composite 2.53 to 791.81.

On a favourable note, December housing starts climbed 6.2 per cent to an annualised rate of 1.54m units, well ahead of expectations. That news was partially offset by an unexpected rise in weekly claims for unemployment benefit.

Meanwhile, the Philadelphia Federal Reserve's January index of business activity slipped to 34.2, from last month's lofty 42.4. But the net impact of the moderating growth trend was positive for stocks, which drew comfort from the decline in bond yields on the heels of the survey's release. By midday, the benchmark 30-year government issue was 5/16 ahead at 99 11/16, with the yield slipping to 6.271 per cent.

Expectations were high, and several issues retreated amid profit-taking even though their results were largely in line with forecasts. Computer Associates, which posted earnings of 72 cents a share, well above forecasts of 67 cents, saw its stock drop $2¾ to 77¾.

Transportation issues were generally weaker. Union Pacific was marked down $1⅛ to $67⅞ after posting a 22 per cent increase in net income.

General Electric shed $⅛ to $108⅝ in spite of fourth-quarter profits of $1.73 a share, against $1.57 a year earlier.

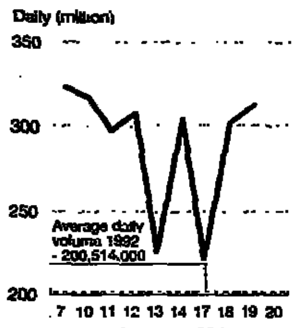
In other defence-related companies, Loral's 28 per cent advance generated little excitement. The stock edged $⅝ lower to $37½.

United Technologies climbed $1⅞ to $67⅞ after announcing that it would use the proceeds of a stock offering in part to raise its dividend.

Amid weakness in other banking stocks, Bankers Trust added $⅞ to $78¾ after reporting record earnings before accounting charges and announcing plans to buy back 1m to 2m shares in the current quarter.

NYSE volume

Daily (million)



Canada

Toronto was lower in active midsession trading as gold and silver shares took a midday fall.

The TSE-300 composite index dipped 4.40 to 4,558.50 in trade of 44.8m shares valued at C$661.8m.

BRAZIL

Equities were some 6.3 per cent higher in active midsession trading, helped by expectations that congress will pass the government's economic programme next week.

The Bovespa index was ahead a net 4,047 at 68,249, after rising nearly 8 per cent initially. Turnover came to Cr93.6bn ($230.2m).

Telebras, which advanced about 6 per cent, and Eletrobras, up 6.6 per cent, were popular with investors.

EUROPE

LVMH depressed in Paris after announcement

Individual stories predominated in yesterday's trading, *writes Our Markets Staff.*

PARIS was preoccupied with LVMH after the group announced that it was to rejig its cross shareholding structure with Guinness of the UK. Under terms of the announcement the UK group will sell its 24 per cent indirect stake in LVMH and take a 34 per cent direct stake in Moet Hennessy. The group also said that it expects the changes to give it a cash pile of some FFr11bn.

LVMH closed down FFr138 or 3.4 per cent at FFr3,899, after a low of FFr3,635; and those of associated groups Bon Marche and Christian Dior lost FFr47 and FFr30 respectively to FFr735 and FFr360.

The CAC-40 index shed 16.86 to 2,257.81 in turnover of some FFr5.3bn.

FRANKFURT closed lower in directionless trading although traders were not surprised by the Bundesbank's decision to leave interest rates unchanged. The DAX index fell 18.18 to 2,116.20.

Turnover was DM9bn and in the post-bourse the Ibis indicated index lost a further 34.2 to 2,098.36.

Metallgesellschaft, fell DM7 or 3 per cent to DM237.50 and after the official close announced that it would, in the medium term, become a management holding company with three operating divisions: trading, chemicals and plant construction.

Elsewhere, activity was generally muted although Continental managed to go against the trend, adding DM2 to 262.

AMSTERDAM retreated moderately as the large multinational groups were affected by a slightly weaker dollar. The AEX index slipped 2.35 to 424.98.

DSM retreated Fl 1.60 to Fl 109.10 on further investor worries about its positioning in the petrochemicals sector, while Akzo was off Fl 2.90 at Fl 207.00.

Fokker went slightly against the trend, up 90 cents at Fl 21.20, but off a high of Fl 21.80, as it announced that it had won an order to supply aircraft to the UK.

ZURICH finished mixed after a volatile day. The SMI index fell 3.5 to 3,045.9, with today's expiry of the Soffex SMI index future producing some uncertainty.

FT-SE Actuaries Share Indices — THE EUROPEAN SERIES

Jan 20 Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1487.62	1486.78	1485.19	1480.31	1479.56	1481.84	1476.71	1475.96
FT-SE Eurotrack 200	1570.14	1569.53	1569.09	1566.48	1565.60	1566.67	1562.68	1560.50

	Jan. 19	Jan. 18	Jan. 17	Jan. 14	Jan. 13
FT-SE Eurotrack 100	1488.63	1479.03	1474.05	1468.32	1458.82
FT-SE Eurotrack 200	1570.42	1558.36	1552.63	1543.91	1534.64

Base value 1000 (26/10/90); Highday: 100 - 1488.16; 200 - 1571.54 Lowday: 100 - 1473.95 200 - 1560.50.

Nestlé eased on sustained profit taking ahead of its announcement of sales figures for 1993. However, the shares picked up from a low of SFr1,316 to finish SFr10 easier on the day at SFr1,332 with the 5.4 per cent rise in sales proving at the upper end of expectations.

Registered shares in Sandoz erased earlier losses to finish SFr30 to SFr4,180 on its announcement of a 4.7 per cent rise in sales during 1993.

MILAN continued steady, the Comit index adding 0.36 to 617.71, although some heavy selling was seen late in the day.

The insurers were marked down amid speculation that a decree which would see the sector reimbursed for some of their contributions to the state insurer, Ina, ahead of its privatisation, could be delayed because of the forthcoming election. Generali fell L769 to L38,090 and SAI was L573 lower at L17,564.

Montedison edged L4 higher to L956. Continuing heavy volume of trading at 86.4m shares prompted speculation that the creditor banks might be shifting their holdings.

MADRID pulled back after Wednesday's record close as profit-takers emerged. The general index shed 1.61 to 341.62.

Banking stocks were hit hardest. Banco Central Hispano shed Pta75 to Pta3,205 and Banco Bilbao Vizcaya eased Pta50 to Pta3,045.

Endesa remained firm, finishing Pta80 ahead at Pta7,940 after peaking at a record Pta8,100.

WARSAW climbed to a new high but market analysts commented that they expected a correction ahead of the listing of Bank Slaski on Tuesday.

The index rose 339.2 or 2.2 per cent to 15,420.8 in turnover of 3,400bn zlotys.

ISTANBUL rose 5.7 per cent after falling for more than four sessions, as the currency stabilised against the dollar following recent volatility.

The composite index ended up 1,520.28 at 27,024.86.

ATHENS continued its correction for the second consecutive session with a fall in the general index of more than 3 per cent. The index ended at 1,132.11 in high volume of 4.7m shares.

Written and edited by John Pitt and Michael Morgan

ASIA PACIFIC

Nikkei continues to rise as Bangkok retreats 4.2%

Tokyo

Receding uncertainty over the passage of the political reform bill through the upper house encouraged investors, and share prices gained ground in active trading, *writes Emiko Terazono in Tokyo.*

The Nikkei average closed 144.52 up at 19,183.92 after a day's low of 19,025.70 and high of 19,341.73. The Topix index of all first section stocks added 9.64 at 1,550.79 and, in London, the ISE/Nikkei 50 index was 2.40 higher at 1,283.99.

Although the Nikkei index temporarily lost momentum in the morning, the upper house committee vote supported sentiment. Yesterday's approval by the committee set the bill up for a vote in the upper house, indicating that the government is one step closer to moving on to making economic decisions.

European investors bought actively during the morning session, triggering small-lot buying by domestic investors. "Buying by foreigners was probably this year's most active," said an analyst. Traders said some funds were flowing into the stock market from the sluggish bond market.

Afternoon sales by Japanese dealers were countered by overseas demand. "Japanese investors are cautiously choosing individual stocks," said Mr Yutaka Nakai at Daiwa Securities. He said corporate selling ahead of the March book closing would remain small while share prices were advancing.

Volume amounted to 550m shares, rising above the 500m level for the first time since December 10. Advances led declines by 537 to 436, with 164 issues unchanged.

Banking shares were bought by overseas investors underweight in the sector. Sumitomo Bank rose Y70 to Y2,170 and Industrial Bank of Japan gained Y100 at Y3,070.

Other financial stocks were also strong, with Nikko Securities up Y20 to Y1,220 and Tokio Marine & Fire Insurance adding Y30 at Y1,260.

Nippon Telegraph and Telephone, rising Y11,000 to Y855,000, posted its 16th consecutive gain, while foreign investors supported East Japan Railway, which moved up Y8,000 to Y491,000.

Nippon Kayaku jumped Y68 to Y812 and Takara Shuzo rose Y50 to Y790 on speculation that the companies' immunosuppressant drug will be marketed in Europe.

Hanwa, the steel trader whose stock was suspended on Wednesday after an announcement of the resignation of its president and large investment losses, was left untraded due to a lack of buyers. The stock remained offered at Y677, down by its daily limit of Y100.

In Osaka, the OSE average rose 89.54 to 21,003.56 in volume of 68m shares.

Roundup

Many of the region's markets fell back yesterday.

BANGKOK dropped by 4.21 per cent as institutions sold finance and property shares. The SET index lost 61.44 to 1,398.3 in turnover of BT13.4bn.

Sentiment was affected by worries about tighter liquidity following the rise in the overnight interbank rate. Finance and property were the two big sector losers, the former losing 6.6 per cent and 4.4 per cent respectively.

HONG KONG eased back as investors booked profits. The Hang Seng index fell 98.93 to 11,264.84, after a high of 11,637.41.

Turnover was HK$11.02bn with foreign funds seeking to take a more active stance on both the buy and sell sides.

The property sector led the market down with the sector sub-index falling by 1.7 per cent.

Cheung Kong lost HK$1.50 to HK$46.25, SHK Properties HK$2.50 to HK$65.50, and Henderson HK$2.50 to HK$51.

PAKISTAN fell sharply ahead of today's weekend, as investors in the financial sector led sellers, *writes Farhan Bokhari in Islamabad.*

The KSE-100 index fell 51.68 at 2,399.49.

Falls were led by the financial sector as investors sold shares in banks and other financial institutions, fearing that the continued rise in prices had made such stocks overvalued, analysts said.

SEOUL drifted lower as the consolidation phase continued. The composite index ended 8.8 lower at 878.29.

Honam Petrochemical and Hanyang Chemical went limit up, gaining Won400 each to Won9,220 and Won8,140 respectively. Honam and Hanyang have been chosen as the flagship companies by the Lotte Group and the Hanhwa Group respectively to run their core business lines.

TAIWAN suffered late selling in the financial sector but turnover continued to shrink.

The weighted index closed down 100.68 or 1.7 per cent at 5,809.65 with turnover falling to T$65.1bn from T$70.9bn.

MANILA went against the trend rising for the third consecutive session helped by the overnight gain in Philippine Long Distance Telephone in New York.

PLDT rose 100 pesos to 2,280 pesos after a $3 rise to $77¼ on Wall Street.

The composite index added 50.65 to 3,112.93 in turnover of 2.1bn pesos.

SINGAPORE was hit by institutional selling and the Straits Times Industrials index fell 44.02 or 1.9 per cent to 2,259.28.

Brokers said that retail investors continued to suffer nervousness because of a weak Malaysian stock market.

KUALA LUMPUR came back by 2.9 per cent, the composite index shedding 31.76 1,050.02.

The falls were led by Tenaga Nasional and Telekom Malaysia which fell 80 cents and 60 cents to M$15.60 and M$18.60.

AUSTRALIA maintained its rise to close at another post-1987 crash high, led by the futures market and blue chips.

The All Ordinaries index slipped off its intraday high but closed up 18.0 at 2,266.2.

Turnover was A$831m.

Among banks NAB was down 2 cents at A$12.46. ANZ was up 9 cents at A$5.21, Westpac rose 1 cent to A$4.81 and CBA was steady at A$9.30.

BHP rose 8 cents to A$19.04, off its intraday high of A$19.20.

SOUTH AFRICA

Shares came back from recent lows: the overall index gained 35 at 4,855 and industrials 29 at 5,475, while the golds index lost just 3 at 2,063 after touching 2,037. De Beers was up R4.25 at R108.25, having hit R103.50 during the session.

Domestic investors drive markets

By Michael Morgan

Turnover in the leading European equity markets accelerated in December as share prices were driven higher by investors hoping for lower interest rates in the new year. Trading volume rose 12.2 per cent after increases of 2.9 per cent in November and 10.1 per cent in October.

The strong December rise accompanied an 8.2 per cent gain in the FT-A Europe index as all eight markets rallied on hopes of a further cut in German interest rates.

Mr James Cornish of NatWest Securities comments that it was a fitting end to a year in which turnover in the markets rose by 40.3 per cent over 1992 as the FT-A Europe index rose 33.2 per cent. Excluding the UK, turnover was up by 50.3 per cent and the index put on 39.9 per cent.

However, turnover in European stocks traded during December on Seaq International, the London screen-based system, fell by 2 per cent on the month.

"This contrast to strong volume growth in domestic markets suggests that the strength of equities is increasingly being driven less by international buying and more by the flow of funds from domestic investors drawing down bank accounts and money market funds as interest rates fall," says Mr Cornish.

During December, international institutional investors were still heavily committed to the south east Asian region, where huge rises were seen during the final quarter of last year after US and Japanese banks and brokers pointed to their potential.

Events during December could point to volatility in the European markets in the months ahead. "Continuing heavy flows of domestic money into the markets as interest rates come down further could make foreign investors even more reluctant to return as valuations climb," says Mr Cornish. "The result could be a broad correction, perhaps during the summer, as private investors, unnerved by markets that are not rising any further, decide to pull their money out."

Germany recorded the month's biggest gain, with turnover up 18.6 per cent to levels surpassing the previous record set in March 1990, although that peak immediately preceded a sharp correction after the unification euphoria. The market was buoyed during last month by a stream of corporate news and results which took the Dax index to a series of record highs. Speculation, in the event ill-founded, about rate cuts ahead of the month's Bundesbank council meetings, also played a part.

Italian turnover surged 17.9 per cent on the month, representing a 12.3 per cent rise over the average for the previous three months, as investors recovered their confidence after the surprise rout of centre parties in November's local elections. The pick-up also accompanied signs that the budget was winning a broad measure of support in parliament and strong demand for privatisation candidates.

In the Netherlands, turnover fell 6.6 per cent, although this was still 7 per cent higher than the average for the previous three months.

Spain's 7.3 per cent decline came as little surprise after November's record level, and turnover was still 20.8 per cent higher than the average of the previous three months.

EUROPEAN EQUITIES TURNOVER
Monthly total in local currencies (bn)

Bourse	Sep 1993	Oct 1993	Nov 1993	Dec 1993	US $bn
Belgium	86.99	77.87	78.39	91.60	2.53
France	184.37	201.93	191.05	218.65	37.03
Germany	160.42	183.24	177.99	211.05	121.57
Italy	44,009.6	31,410	35,092.8	41,385.60	24.18
Netherlands	18.90	25.10	27.20	25.40	13.08
Spain	825.61	1,042.89	1,384.6	1,287.5	8.87
Switzerland	19.80	28.30	29.60	31.30	21.09
UK	49.82	49.32	52.61	55.79	82.62

Volumes represent purchases and sales.
Italian data adjusted to include off-market trading. Some figures may be revised.
Source: NatWest Securities

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	WEDNESDAY JANUARY 19 1994 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	TUESDAY JANUARY 18 1994 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 1993/94 High	1993/94 Low	Year ago (approx)
Australia (69)	176.95	1.1	175.88	124.04	160.44	168.42	0.8	3.06	175.03	173.32	122.53	159.13	167.07	176.95	118.12	118.52
Austria (17)	191.92	0.9	190.74	134.53	174.01	173.72	0.5	0.92	190.28	188.42	133.21	172.99	172.86	191.92	133.06	133.06
Belgium (42)	164.43	0.9	163.41	115.26	149.08	147.26	0.6	3.91	162.96	161.37	114.08	148.15	146.14	166.01	135.42	135.42
Canada (107)	145.31	0.8	144.41	101.86	131.75	137.98	0.5	2.43	144.15	142.74	100.92	131.05	137.35	145.31	111.41	112.90
Denmark (32)	269.46	0.6	267.79	188.88	244.31	246.40	0.6	0.91	267.82	265.20	187.49	243.48	246.91	269.46	195.66	202.27
Finland (22)	146.42	1.6	145.52	102.64	132.78	174.11	1.5	0.59	144.17	142.77	100.93	131.07	171.52	146.42	65.50	69.87
France (99)	177.78	1.1	176.68	124.82	161.19	165.27	1.1	2.81	175.76	174.04	123.04	159.78	163.56	182.15	142.90	148.91
Germany (59)	131.95	1.0	131.13	92.49	119.63	119.63	0.7	1.74	130.68	129.41	91.49	118.61	118.61	142.38	105.58	107.13
Hong Kong (56)	465.36	3.0	462.49	326.21	421.95	461.57	3.0	2.36	451.97	447.56	316.41	410.91	448.29	506.56	225.77	236.18
Ireland (14)	205.25	0.3	203.99	143.88	186.10	201.98	0.3	2.81	204.72	202.72	143.32	186.12	201.28	205.25	129.29	139.47
Italy (68)	68.83	0.7	68.41	48.25	62.41	87.41	0.7	1.88	68.37	67.70	47.86	62.16	86.82	78.93	55.21	60.32
Japan (469)	139.44	1.9	138.58	97.74	126.43	97.74	2.1	0.84	136.78	135.44	95.75	124.35	95.75	165.81	100.97	101.97
Malaysia (69)	492.34	-2.6	489.31	345.13	446.41	517.56	-2.6	1.40	505.37	500.45	353.80	459.48	531.36	621.63	258.19	259.90
Mexico (18)	2354.01	1.6	2339.46	1650.11	2134.33	7891.49	1.6	0.63	2312.05	2289.47	1618.58	2101.94	7849.05	2457.89	1410.30	1649.41
Netherland (26)	203.67	0.5	202.41	142.77	184.67	181.63	0.3	2.92	202.71	200.73	141.91	184.29	181.12	203.67	153.15	153.53
New Zealand (14)	70.41	0.8	69.97	49.35	63.84	66.30	0.7	3.53	69.87	69.19	48.91	63.52	65.84	70.41	40.56	41.80
Norway (23)	195.63	1.6	194.42	137.13	177.37	199.21	1.4	1.28	192.65	190.77	134.87	175.14	196.51	195.63	138.48	147.54
Singapore (45)	340.31	0.5	338.21	238.55	308.56	252.02	0.4	1.64	338.51	335.21	236.98	307.76	250.97	378.92	209.97	209.97
South Africa (60)	256.95	-1.9	255.36	180.12	232.97	246.27	-1.1	2.30	262.04	259.48	183.44	238.22	249.14	280.36	153.88	154.48
Spain (42)	146.48	1.1	145.58	102.68	132.81	157.97	1.1	3.79	144.85	143.43	101.40	131.66	156.23	146.48	116.33	126.51
Sweden (36)	219.84	0.4	218.48	154.10	199.33	263.95	0.7	1.32	218.87	216.73	153.22	198.98	262.24	219.84	146.69	162.91
Switzerland (49)	168.58	1.0	167.53	118.17	152.84	152.53	0.5	1.42	166.88	165.25	116.83	151.71	151.76	168.56	109.14	111.69
United Kingdom (215)	212.76	1.0	211.44	149.14	192.91	211.44	1.4	3.40	210.59	208.53	147.43	191.46	208.63	212.76	162.00	170.82
USA (518)	192.68	0.0	191.49	135.06	174.70	192.68	0.0	2.70	192.71	190.82	134.91	175.19	192.71	193.24	176.29	177.95
EUROPE (744)	173.63	1.0	172.56	121.71	157.43	168.20	1.0	2.70	171.88	170.30	120.40	156.35	165.54	173.63	134.16	137.32
Nordic (113)	212.08	0.7	210.76	148.66	192.28	221.76	0.8	1.12	210.58	208.52	147.42	191.44	219.98	212.08	142.13	150.51
Pacific Basin (722)	152.26	1.8	151.32	106.73	138.05	110.30	1.9	1.11	149.53	148.07	104.68	135.94	108.22	168.80	106.17	107.03
Euro-Pacific (1466)	161.00	1.4	160.00	112.85	145.97	132.54	1.6	1.82	158.72	157.17	111.11	144.29	130.57	162.87	116.78	119.30
North America (625)	189.72	0.0	188.55	132.99	172.01	188.88	0.0	2.69	189.68	187.82	132.79	172.44	188.87	190.01	172.87	173.94
Europe Ex. UK (529)	149.68	0.9	148.73	104.91	135.69	143.21	0.7	2.23	148.31	146.86	103.82	134.83	142.17	150.17	115.10	117.14
Pacific Ex. Japan (253)	274.79	1.3	273.09	192.62	249.15	264.27	1.2	2.38	271.33	268.69	189.95	246.66	251.31	296.21	155.37	156.62
World Ex. US (1651)	163.10	1.4	162.09	114.33	147.88	135.84	1.4	1.83	160.81	159.34	112.65	146.29	133.93	163.10	119.91	120.43
World Ex. UK (1954)	168.06	0.8	167.02	117.81	152.38	148.14	0.8	2.01	166.69	165.06	116.69	151.54	146.92	168.67	135.50	136.87
World Ex. So. Af. (2109)	171.44	0.9	170.38	120.18	155.44	152.81	0.9	2.15	169.95	168.29	118.98	154.61	151.43	171.44	138.53	138.89
World Ex. Japan (1700)	190.70	0.5	189.52	133.68	172.91	186.97	0.5	2.64	189.85	188.00	132.91	172.60	186.12	191.28	159.32	159.65
The World Index (2169)	171.94	0.8	170.88	120.53	155.90	153.57	0.9	2.16	170.50	168.84	119.36	155.01	152.22	171.94	138.53	138.89

Latest prices where unavailable for this edition

JOBS: Why changes in executive employment may cause upheavals in housing and pensions markets

Turn of the tide is confirmed

Three cheers are nowhere near enough for the Jobs column's present writer to call for this morning. The reason is that, with only two weeks to go before giving way to my successor and heading for retirement, I would much rather hand over on a rising tide than on the ebb.

Hence the breathless hush that awaited the latest executive-demand statistics was not due entirely to my addicted smoking. Five solid years of decline in the United Kingdom market are scarcely conducive to optimism, and though July-to-September last year had shown an upturn, it was slight enough to have been blotted out by a renewed plunge in October-December.

Then up came the new figures from the MSL International consultancy, and... Whoopee!

The results, which refer only to job-offers which are advertised in UK national journals, are summarised in the table alongside. First we have the number of posts offered in eight broad types of executive work. The broadest by far is the "Others" category which sweeps together such people as buyers, company legal staff, economists and variegated consultants. Each opening is counted as one, by the way, no matter how many times the advertisement for it appears. Next comes the annual total, which is broken down below into the quarterly tallies.

As may be seen, the tide is rising, albeit from much the lowest low recorded since MSL began its three-monthly checks on the advertised demand 35 years back. Even so, it is not only the increased total which provides encouragement; more is to be found in the counts for the separate types of work above it.

What prompted my previous scepticism about a sustained rise was that the small upturn shown by the September figures was fuelled by year-on-year increases in only two of the eight work categories: sales and marketing, and computing. All the rest were still sliding downwards.

Now, happily, the position has been reversed with six on the rise and only two sinking, of which production has plummeted to only about a quarter of the record high of 7,589 which it reached in 1988. But there is less cause for gloom in the still falling counts for personnel shown by the table, which probably underestimate the true strength of demand. That is because – unlike other categories, in which the national journals checked by MSL are the standard medium for advertising executive-level vacancies – most openings in personnel are offered through the professional press.

Moreover, there are further heartening signs in the separate counts MSL makes of demand in four particular industrial sectors. All were up last year on their 1992 figures. The smallest of the increases was just over 8 per cent to 774 jobs in energy and related industries, compared with 17 per cent to 579 posts in what used to be termed "food, drink and tobacco", but in the interests of political correctness has now been reduced to "food and drink".

Retailing did better with a 58 per cent rise, even though to only 758 openings in total. Best of the lot was the high-tech field which leapt by 83 per cent to 1,847.

On the whole, therefore, it looks as though my successor will be bringing you cheerier news than I have done this past half-decade. Nevertheless, while it's to be hoped that the demand will never again plumb such depths, I doubt that it will ever again rise to even near the 40,202 tally of 1988. My suspicion is that, in the UK at least, executive employment has undergone severe and permanent shrinkage, whose ramifications will be far-reaching.

One close observer who agrees – seeing housing and pensions, particularly, as likely to feel the effects – is Jack Daniels. He is director of the careers service at the University of St Andrews, and over the years the Jobs column has come to regard him as Britain's foremost salesman of the services of new graduates.

The reason is that, although his ancient university has the disadvantages of being small and off the beaten track except for golfers, its degree-winners have consistently done better in the jobs market than those of the great majority of the other UK universities. But he tells me that St Andrews's consistent success conceals radical changes in the pattern of graduate recruitment.

One of them is that short-term contracts, often of only a year, are fast replacing the open-ended employment that used to be the rule. Meanwhile degree-winners have less chance of any job with a big organisation straight after university. Instead they are increasingly having to make their way in the world for a couple of years on their own resources, since fewer and fewer employers will consider them until they have already had work experience.

"That means a drop, not just in the number joining pensions schemes in their early 20s, but in the number with the steady income expectations needed for a mortgage," said Mr Daniels. "So there might soon be a trend away from home-ownership in favour of rented accommodation, and what effects might that have on the housing market?"

The Jobs column groaned inwardly... thinking of the house that it will soon need to sell on moving out of London.

Michael Dixon

UNITED KINGDOM ADVERTISED DEMAND FOR MANAGERS AND KEY SPECIALIST STAFF
(Year to December 31)

Type of work	1993 Posts advertised	1993 Change from 1992 %	1992 Posts advertised	1992 Change from 1991 %	1991 Posts advertised	1991 Change from 1990 %	1990 Posts advertised	1990 Change from 1989 %	1989 Posts advertised	1989 Change from 1988 %
Research & dvlpmnt	1,304	+ 2.5	1,272	−26.6	1,733	−46.5	3,242	−22.1	4,160	+ 3.9
Sales & marketing	3,574	+44.2	2,478	+12.9	2,194	−23.2	2,858	−27.4	3,934	−31.1
Production	1,962	−11.4	2,215	−16.2	2,642	−47.9	5,068	−16.0	6,032	−20.5
Accounting	2,855	+ 9.7	2,602	−19.6	3,238	−40.6	5,448	−19.1	6,731	−12.8
Computing	1,446	+39.7	1,035	+ 1.7	1,018	−54.1	2,216	−37.1	3,521	−28.8
General management	950	+10.9	857	−12.2	976	−25.0	1,302	− 3.7	1,352	−16.7
Personnel	363	− 6.2	387	− 4.7	406	−48.9	794	−29.3	1,123	+ 2.4
Others	3,855	+ 8.6	3,550	− 7.0	3,817	−41.8	6,559	−15.1	7,723	+ 2.7
Total	**16,309**	**+13.3**	**14,396**	**−10.2**	**16,024**	**−41.7**	**27,487**	**−20.5**	**34,576**	**−14.0**
Jan-March	3,955	− 2.5	4,058	−11.2	4,572	−45.6	8,397	−23.1	10,915	− 2.7
April-June	4,007	− 0.4	4,023	− 5.0	4,235	−44.6	7,641	−16.7	9,176	−13.4
July-Sept	4,623	+36.8	3,379	− 6.9	3,630	−40.8	6,131	−22.0	7,858	−15.8
Oct-Dec	3,724	+26.8	2,936	−18.1	3,587	−32.5	5,318	−19.8	6,627	−26.8

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Anglo Irish Bank Corporation plc
18/21 St. Stephens Green
Dublin 2
IRELAND Telephone: 353 1 6760141

SIB

London Stock Exchange Supervision

The newly formed Supervision Department: London Stock Exchange (LSE) and Service Companies, within the Securities and Investments Board (SIB), is responsible for the development of standards of regulation and investor protection within the LSE and companies providing services to the markets and for the subsequent monitoring of their success in achieving these standards.

SIB wishes to appoint individuals at both a senior and junior level for roles which will include:
- Vetting the LSE's and Service Companies' regulatory objectives and plans
- Developing articulate standards for the Exchange and Service Companies to apply in regulating their members/participants
- Monitoring the application of these standards in practice and providing prompt feedback to them on the results
- Consulting with other departments within SIB on implementing EC Directives and tracking major enforcement cases

At the senior level, the successful applicant will plan and progress the Department's programme. There will be particular responsibility for on-site monitoring both at the Exchange and Service Companies. The junior appointee will assist in all areas and will be specifically responsible for the continuing work on notification regulations.

Typically the roles will include: establishing effective working relationships with staff at the Exchange and Service Companies and within SIB; consultations with specialists; systems and business analysis; and the preparation of memoranda, discussion papers and consultation reports.

Applicants for both positions should be educated to degree standard, possibly with a professional qualification (law, accountancy, securities industry diploma). At the senior level a City background is essential as is familiarity with regulation/compliance issues such as the regulations for quoting and reporting on SEAQ, SEAQI and SEATS; the best execution and best advantage rules; the transparency regime and procedures for settlement by Talisman.

At the junior end, applicants should have at least three years work experience preferably in financial services. However applicants with a first class record of achievement in other industries are welcomed. Common sense; excellent written and communication skills; diplomacy and adaptability are key factors at all levels.

Applicants should in the first instance contact **Anna Williams** to request an information pack at **Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LH** or telephone her on **071 831 2000.**

MP

Michael Page City
International Recruitment Consultants
London Paris Amsterdam Dusseldorf Sydney

Major Investment Company

UK Equity Manager

Age 28/35 — Central London

We have been asked to help find an experienced investment professional to assume major responsibility for the management of a UK Equity Portfolio which is currently worth over £450 million. This is a senior appointment within a well known institution, which manages a range of both institutional and retail funds.

Ideally we seek a graduate with proven experience of both the analysis of UK equities and as a portfolio manager. The IIMR qualification is required.

The candidate will be part of a team with a research driven, disciplined approach and will be expected to contribute to wider sector and stock selection as well as being responsible for a large and high profile UK equity portfolio. The candidate appointed will be expected to develop and maintain relationships with major stockbrokers, research houses and other sources of information. Good communications skills at a high level will be needed when visiting individual companies.

A competitive salary is offered, plus car and other benefits.

Please reply in the first instance to Keith Fisher. Ref. 1148 at Overton Shirley & Barry, Prince Rupert House, 64 Queen Street, London EC4R 1AD. Tel: 071-248 0355. Fax: 071-489 1102.

OVERTON SHIRLEY & BARRY

INTERNATIONAL SEARCH AND SELECTION

BAILLIE GIFFORD & Co

Senior Marketing Role
Outstanding career opportunity

Baillie Gifford's reputation as one of the UK's top investment managers continues to grow. Stability, in corporate style and people, investment skill plus well targeted marketing and selling by senior staff have all helped to achieve this growth. They now have over £10 billion under management.

They wish to ensure growth continues without compromising quality and therefore seek to recruit a marketing professional who, after extensive internal training, will become an important member of a small team and be responsible for responding to enquiries, business development and general marketing to the UK pension fund market. The role is varied and requires the full range of marketing skills from corporate PR to face to face meetings with UK consultants.

Candidates will be graduate calibre and be able to demonstrate success in the professional marketing of a complex service, ideally, but not necessarily, in financial services. Computer literacy, especially in the generation of graphics and presentation materials, is essential.

The remuneration package will attract young, confident, self-motivated individuals who see this as an ideal opportunity to build on their success and establish a long term varied career from an Edinburgh base.

To apply, please send your detailed CV stating salary requirements to Douglas Kinnaird, quoting **ref: 5989/FT, PA Consulting Group,** Number Two Blythswood Square, Glasgow.

BG

PA Consulting Group
Creating Business Advantage

Executive Recruitment · Human Resource Consultancy · Advertising and Communications

TOP OPPORTUNITIES

SENIOR POSITIONS IN GENERAL MANAGEMENT

Senior Market Manager Southern European Region

The Grundfos Group is seeking a Senior Market Manager at the Vice President level for Southern Europe to start May 1, 1994. Suitable candidates to represent Grundfos must have comprehensive international business experience and profound insight into Southern European culture. They will speak English and at least one of the following languages: French, Italian, or Spanish.

With reference to the Regional Director, the Senior Market Manager will be responsible for implementation of all sales and marketing activities in the region, for bringing new products to market, for key accounts, and for overall market coordination with the other European regions. Suitable candidates must have a higher technical or business education, a proven record of success (preferably in the region), and demonstrate high levels of initiative as well as strong leadership and management skills.

Competitive salary package and comprehensive benefits.
Domicile: The Grundfos Group headquarters in Bjerringbro, Denmark.
Travel: Approx. 100 days annually.

General Manager Grundfos Gulf Distribution Ltd.

The Grundfos Group is seeking a new General Manager for Grundfos Gulf Distribution Ltd. to start May 1, 1994, for a period of four to five years. With reference to the Board of Grundfos Gulf Distribution Ltd., the General Manager is responsible for production, sales and service of Grundfos products in the Middle East.

Suitable candidates must have comprehensive sales and marketing experience in the Middle East, and they will speak English fluently. Previous experience in pump manufacturing and/or distribution would be a definite advantage. The right candidate will be a successful entrepreneur with a technical background, have extensive, all-round managerial experience, and a proven ability to motivate a team of 40 skilled people.

Competitive salary package and comprehensive benefits.
Domicile: Dubai, United Arab Emirates.
Travel: Approx. 50 days annually in the region.

Area Manager China Grundfos Office, Shanghai

The Grundfos Group is seeking an Area Manager to head the new Grundfos representative office in Shanghai, China. Grundfos expects the right candidate to later become General Manager of a joint venture or wholly owned foreign company in China. With reference to the Grundfos Asian Pacific Regional Director, the Area Manager will lead the Grundfos office and establish Grundfos as a respected producer and supplier of pumps and pumping systems in China.

Suitable candidates must have experience in China or Asia, speak Mandarin, and must be prepared to spend four to five years in the People's Republic of China after training in Europe and Asia. They will have a higher technical or business education, strong leadership qualities, and a sense of commitment tempered with respect for the culture of the host nation. The right candidate will also have a record of achievement in a competitive market for technical products.

Competitive salary package and comprehensive benefits.
Domicile: Shanghai, Peoples Republic of China.

Applications, including a comprehensive curriculum vitae, should be sent before February 4, 1994 to: Peter Bidstrup, Group Human Resource Director, Grundfos Management, DK-8850 Bjerringbro, Denmark. Telephone number: (45) 86 68 14 00.
Fax number: (45) 86 68 01 24. For further information, please call Mr. Peter Bidstrup at Grundfos Singapore, telephone number (65) 86 15 381.

The Grundfos Group

The Grundfos Group is one of the world's leading pump manufacturers, producing seven million pump units annually. Today, the Group is represented by 46 companies in 28 countries. Grundfos was founded in 1945 and company headquarters are located in Bjerringbro, Denmark. Grundfos employs 6.000 people and company turnover was DKK 4.555 million in 1992/93.

Grundfos produces a variety of pumps for heating circulation, water supply and industrial purposes. In addition, Grundfos manufactures electric motors for pumps and advanced electronic controls for pump systems. The company has its own facilities for electronics production and is respected around the world for its leading position in research and development.

GRUNDFOS®
Leaders in Pump Technology

EFQM — EUROPEAN FOUNDATION FOR QUALITY MANAGEMENT

SECRETARY GENERAL
Brussels

The European Foundation for Quality Management was founded in 1988 in the Netherlands by fourteen of the largest European companies. Promoting Total Quality Management (TQM) in Europe, the mission is to support the management of Western European Companies in making quality the key strategy for achieving global competitive advantage. Nearly 300 organisations across Europe are members and membership is expected to grow substantially over the next few years.

Today, the Governing Committee of twenty Member Presidents determines the strategy of EFQM, and, through an Executive Committee, directs the Secretary General, who acts as both an Ambassador for Total Quality Management and EFQM and effectively as the CEO of the Foundation.

The present Secretary General relinquishes the post in the spring of 1994 and applications are invited from European Nationals with a record of success in management at a senior level in a multinational environment.

Fluency in English, the working language, and at least one other major European language is required, together with a genuine enthusiasm for promoting business excellence. Some direct experience of quality management is desirable, and candidates above 40 years of age are more likely to have the desired breadth of experience and the personal stature to communicate effectively with Company Presidents and CEOs.

Compensation is negotiable in the range of 5- to 7-million Belgian francs, according to experience.

Please submit a full c.v. to:
Freya Williams, EFQM, 19 Avenue des Pleiades, Brussels, 1200 Belgium
Tel: +322-775-3511, Fax: +322-779-1237, by 2nd February, 1994

BANKING FINANCE & GENERAL APPOINTMENTS

JOSLIN ROWE

FINANCIAL PROCESSING MANAGER — To £40,000
Premier City-based Investment Bank currently seeks a qualified accountant (aged 28-35) with people and systems management experience, ideally gained in the financial sector. The successful candidate will head a department responsible for the production of all financial control reports, fixed asset records and systems development. Knowledge of MIDAS, modelling systems and extensive PC and LAN experience from a user perspective advantageous.

ASSISTANT MANAGER, AUDIT — c£32,000
Leading European Investment Bank currently seeks an ACA with 2-3 years audit experience from a financial institutions background. Duties will include effectively monitoring compliance procedures, preparation of audit reports, drafting of manuals, undertaking reviews/evaluating internal control systems and supervising a small team. A knowledge of a wide range of capital markets products combined with strong communication skills essential.

DERIVATIVES STRUCTURING — To £35,000
An excellent opportunity to join a derivatives structuring desk within a leading International Bank. This is a demanding role which involves identifying individual client requirements and structuring the deals accordingly. The position requires graduate calibre individuals with 2 to 3 years' relevant market experience gained within a derivatives marketing background or structured dealing environment. Good swaps knowledge and a dynamic and outgoing personality essential.

SENIOR CREDIT ANALYST — c£30,000
A suitably senior and experienced analyst is required by a City based International Bank to undertake the review of all credit applications sent by overseas offices/branches. Principal duties will include drafting of credit reports, presentations, attendance on the credit committee and submission of conclusions. Candidates will preferably be educated to degree/ACIB standard, aged early 30's, and possess strong PC skills. Fluency in a European language advantageous.

TEL: 071 638 5286 FAX: 071 382 9417
Joslin Rowe Associates Ltd Bell Court House 11 Blomfield Street London EC2M 7AY
A MEMBER OF THE BLOMFIELD GROUP

ROYAL DOULTON

Marketing Director

Six figure package

Royal Doulton is the world's largest manufacturer and distributor of premium ceramic tableware and giftware.

Its brands include Royal Crown Derby, Minton, Royal Albert and Royal Doulton itself, all internationally recognised for high quality manufacture and distinctive design.

Annual sales exceed £200 million, over half of them in export markets, particularly in North America and Asia Pacific, and over one third through Royal Doulton's own international retail operations. Royal Doulton is an independent company, recently listed on the London Stock Exchange.

A Marketing Director of the highest calibre is required at the company's Staffordshire headquarters to draw together the talents of the company's design, product development, brand management and marketing teams worldwide, and to develop and implement marketing strategies and programmes for Royal Doulton's brands and products. He or she will sit on the main Board and will report to the Chief Executive. This will be a position of considerable standing within the international china industry.

The ideal candidate will be educated to a good degree level, possibly with an MBA, and will have extensive international experience in the marketing, merchandising or retailing of consumer or fashion products. He or she will combine a clear intellect and sound judgment with visual and entrepreneurial flair and an understanding of consumer motivation and markets.

A substantial remuneration package is envisaged, including share options, incentive bonus, relocation allowance and family health insurance.

TO APPLY, PLEASE WRITE OR FAX IN CONFIDENCE: STUART LYONS CBE, CHIEF EXECUTIVE, ROYAL DOULTON PLC, MINTON HOUSE, LONDON ROAD, STOKE-ON-TRENT ST4 7QD. FACSIMILE: 0782 292099.

Investment Banking Career Opportunities

The Bank of Nova Scotia has openings for experienced personnel in the following areas:-

Money Market

Money Market Senior Trader – a graduate with a minimum of 5 years experience is required to head the European Currency Interest Rate Desk. A sound profitable experience of integrating cash and off balance sheet products is an essential requirement for this position.

Treasury Services

Senior Treasury Services Officer – a graduate with at least 3 years experience with a major bank, selling treasury products (Forex, Money Market etc) with their own client base. A European language would be an advantage.

Interest Rate & Currency Swaps and Options Origination, Sales and Trading

Interest Rate Derivative Trader – to trade swap books in continental currencies, the candidate will be a graduate, have a minimum of 2/3 years experience, with an active trading book.

Interest Rate Derivative Marketing – a graduate, fluent in German, with 2/3 years experience in an active trading environment.

Trader, Precious Metals Options – the candidate, a graduate, will be required to set up and establish a Precious Metals, Options desk. Previous experience in commodity derivatives is essential.

An attractive compensation package, commensurate with experience will be offered to successful candidates. Please forward your resume in the strictest confidence to Gillian Harris, Senior Manager, Personnel, The Bank of Nova Scotia, Scotia House, 33 Finsbury Square, London EC2A 1BB.

Scotiabank

DERIVATIVE FUND MANAGER

A subsidiary of the Edmond de Rothschild Group is looking to add to an experienced fund management team which specialises in the use of derivatives.

Applicants should have at least 2-3 years experience either in derivatives trading, or in the advising and managing of derivatives in portfolios.

Candidates with computer skills and a good degree, ideally in a numerate subject, will be preferred.

The company offers a competitive remuneration package with a full range of benefits.

Please write with a full C.V. to
The Managing Director,
L.C.F. Edmond de Rothschild
Fund Management Limited,
Orion House, 5 Upper St. Martin's Lane,
London WC2H 9EA

SPOT F.X. — £75,000
Opportunity exists at a major international bank for a senior foreign exchange dealer. A minimum of 3 years experience running a successful $/DEM or $/JPY book is essential. Candidates aged between 26 & 31 will be currently trading at a recognised interbank player, with a consistent level of profit.

FORWARD F.X. — £50,000
Specialist foreign exchange dealers with expertise acquired in Forward European currencies are sought by a first class international bank. Candidates aged 25 to 35 will have a stable career history and must be proficient with arbitrage techniques. Knowledge of FRA's, Futures & FXA's would be advantageous.

CURRENCY OPTIONS — £50,000
Due to expansion a leading US bank wishes to appoint a dealer with 3 years current experience, to enhance its trading/marketing capability in F.X. derivatives. Candidates will be graduates in the age range of 27 to 33 and should be conversant in the delivery and execution of exchange traded & OTC Options.

CORPORATE F.X. — £50,000
Treasury services desk within a respected European bank requires an experienced F.X. sales dealer. The role will involve marketing to the continent and servicing clients, to include fund managers, with the full range of treasury products. Graduates aged 25 to 32 are preferred. Fluency in other European languages would be of obvious benefit.

FOREX Selection
Treasury Recruitment

Please call Jane Hampton or write in confidence quoting ref: JH1881.
Tel: 071-569 0369.
36 Cornhill,
London, EC3V 3PQ.
Reuters Page LO71

Bankers Trust is a leader in international money markets and in derivative product development. With over $US 160 billion under management, we are also a major player in the funds management business.

Senior Economist
Funds Management

City

We are seeking a Senior European Economist/ Strategist to be part of a small team working on asset allocation across European markets.

Qualified in economics to at least degree level with excellent macro analytical skills, you will have proven ability in applying these skills to the assessment of trading opportunities across European markets. Particular experience with equity markets would be advantageous.

The person we are seeking will be a key player in the asset allocation decision making process, and the rewards will match the demands of such a role. The successful applicant can expect a highly attractive salary and benefit package and substantial bonus potential.

To apply please write in confidence, with full career details to: **Ms Joanne Hogan, Personnel Manager, Bankers Trust Company, 1 Appold Street, London EC2A 2HE.**

Bankers Trust

EXCEPTIONAL PEOPLE ARE OUR FUTURE.

An opportunity to develop your European client base within an innovative and expanding team

Private Placements

Excellent salary + bonus + banking benefits

Based in London with frequent travel abroad

Nomura International is the European arm of one of the world's major investment banking groups.

A strong player in Structured Finance and Private Placements - including Property Securitisation, Emerging Markets and Subordinated Debt Transactions - we are now offering an outstanding opportunity to a proven professional who has good contacts with European Fixed Interest investors. Ideally these contacts - which will form the bedrock of your client base - will be with European institutional investors.

A numerate graduate with an impressive track record in setting up deals and building client relationships, you must have experience in at least one of the following:

- Private placements of high yielding or subordinated debt.
- Securitised debt.
- Structured MTN's.

At Nomura, working with an open brief and an unusual degree of commercial freedom, you will be involved in setting up innovative structures in response to client demands and promoting existing products to exploit new opportunities. For career advancement this is a role which is second to none.

If you think you have the credentials, the confidence and the contacts to take up the challenge, please write with your cv to Pippa Wilkinson, Human Resources, Nomura International plc, Nomura House, 1 St Martin's-le-Grand, London EC1A 4NP

NOMURA

PFM

FINANCIAL SERVICES MARKETING
United Kingdom & Middle East

Since its inception in 1979, Personal FinancialManagement Limited has become established at the forefront of sophisticated financial planning and investment management services. The following newly created positions now exist within PFM in its next phase of growth:-

MARKETING MANAGER UNITED KINGDOM

PFM wish to appoint an experienced Marketing Manager to promote and develop its products and services in the UK. Candidates will be required to have a sound knowledge of the financial services industry, covering banking, investment management, including Unit Trusts, and the ability to develop a marketing plan.

MARKETING / INVESTMENT MANAGERS MIDDLE EAST

PFM seek two individuals to be responsible for the promotion of PFM throughout the Middle East. Their target market is both institutions and high net worth individuals. Candidates must have an excellent understanding of investment instruments and financial services and will be based in the region. Familiarity with Middle East cultures will be important.

Candidates should enjoy working both on their own initiative and as part of a highly committed team. Organisation, flexibility and the confidence in your ability to communicate at every level are essential qualities. If you have the attributes we seek then our client offers a highly competitive remuneration package (including relocation for the Middle East positions) together with excellent opportunities for career development. For further information, please write to Martin Symon at the address below:-

Jonathan Wren & Co. Limited, Financial Recruitment Consultants
No. 1 New Street, London EC2M 4TP Telephone 071-623 1266 Facsimile 071-626 5259

JONATHAN WREN EXECUTIVE

FUND MANAGER
MIDDLE EAST/NORTH AFRICA/TURKEY

In order to maintain our very high standards and continue our expansion, we are currently seeking to appoint a Fund Manager to develop our Middle East/North Africa/Turkey desk.

The successful candidate, educated to degree level will have had three to seven years' experience within a major financial institution in North America or Europe.

Applicants must have relevant experience in the region and a good command of Arabic and French. A strong network of local contacts is of importance.

The position requires a skilled and articulate individual with good presentation and analytical abilities, who enjoys working with and becoming an essential part of a dedicated team.

Interested applicants should forward a comprehensive curriculum vitae to:

Lisa Maddox
Foreign & Colonial Emerging Markets Limited
Exchange House, Primrose Street
London EC2A 2NY

Foreign & Colonial
EMERGING MARKETS LIMITED
(Member of IMRO)

U.S. EQUITY RESEARCH ANALYST: EMERGING GROWTH COMPANIES

Competitive Package — **London**

Oakes, Fitzwilliams & Co. Limited is a small London-based investment bank specialising in financing emerging growth companies located in the US. We will be hiring an equity analyst to produce comprehensive research on our diverse portfolio of corporate clients.

The Position

- Organising a research effort in order to produce a steady flow of research notes and updates on our portfolio companies and to maintain constant contact with them through company visits.
- Presenting research to institutional investors in conjunction with our sales team.
- Participating in deal selection and due diligence.
- Contributing to Oakes, Fitzwilliams's internal thinking on equity sectors and identifying attractive investment opportunities.

The Candidate

- Good degree and possibly post-graduate qualification.
- At least three years of equity market experience in research, sales, portfolio management or corporate finance, preferably in the emerging growth sector.
- A firm grasp of balance sheet, cash flow, corporate finance and financial modelling concepts.
- Strong analytical ability, and excellent written and oral presentation skills.
- A self-starter able to work in a small, high-performance team.

Please send a CV and cover letter in confidence to:

Zoë Jessop
Oakes, Fitzwilliams and Co. Limited
Byron House
7-9 St. James's Street
London SW1A 1EE

OAKES, FITZWILLIAMS & CO. LIMITED
Member of the SFA and the London Stock Exchange

FG FG Inversiones Bursátiles SA

A MADRID BASED FRENCH SPEAKING SENIOR EQUITY SALES APPOINTMENT

FG, the leading independent Madrid stockbroking house, is seeking to expand its equity sales activities with the French speaking institutional investment community. FG already has a considerable reputation among the French investment markets for the quality of its Spanish equity research and for the efficiency of its trading teams and administrative back-up.

Applications are invited from candidates who will already have in-depth experience in selling investment concepts in equities to institutional investors. Clearly a particular knowledge of the Spanish stock markets would be extremely helpful though it will be expected that such detailed knowledge could be grasped rapidly by the right individual. Naturally candidates would be expected to be able to interpret in depth research and to be lucid and fluent in explaining the underlying investment criteria.

The appointment is based in Madrid, and whilst fluency in French and English must be considered essential a working knowledge of Spanish would be a great advantage. It is anticipated, however, that the ideal candidate would rapidly achieve the necessary additional linguistic skills.

A substantial remuneration package will be available for the selected candidate. In the first instance, apply in writing with a copy of your CV to:

Ricardo Mandelbaum
FG Inversiones Bursátiles
Jose Ortega y Gasset, 29
28006 Madrid
Spain

POSTIPANKKI
LONDON BRANCH

POSTIPANKKI is a major Finnish commercial bank which has a strong focus on its Global Treasury activities. In order to complement our active London branch Treasury we wish to recruit two additional persons:

SPOT FOREIGN EXCHANGE DEALER

We require candidates with a minimum of 3 years active trading experience, particularly of EMS/Cross-currencies. A specialisation in Sterling/Mark could be particularly useful. The preferred age range is 25-30.

TRAINEE/JUNIOR FOREIGN EXCHANGE DEALER

We will give full training in all of the Scandinavian currencies. Some knowledge of these would be useful, but is not essential. Applicants should have a good general knowledge of Foreign Exchange, gained within a bank either as a trainee/junior dealer or in a trading support role and are likely to be aged 20-23.

The Bank offers competitive remuneration packages, including a full range of banking benefits.

Interested candidates should submit **written applications** in confidence to:

Rod McLennan, Assistant General Manager,
Postipankki Ltd., 10-12 Little Trinity Lane, London EC4V 2AA

EQUITY DERIVATIVES

We are currently looking to place top quality candidates in the Equity Derivative markets. Our clients are leading institutions who wish to expand their sales/trading/structuring and risk management activities in this area. Specific requirements include:-

Head of Equity Derivatives Desk	£100,000+
Senior Warrants Trader	£50-60,000
Equity Derivatives Salesmen	£45-55,000
Equity Derivative Traders	£45-55,000
Analysts/Marketing Equity Derivatives	£Neg.

For a confidential discussion please call Philip Ashby-Rudd on 071-623 1266 or 071 237 4552 (Evenings).

Jonathan Wren & Co. Limited, Financial Recruitment Consultants
No. 1 New Street, London EC2M 4TP Tel. 071-623 1266 Fax. 071-626 1242

JONATHAN WREN EXECUTIVE

FINANCIAL ANALYST
SPECIALIST IN INTERNATIONAL ANALYSIS

The Federal Reserve Bank of San Francisco is seeking a senior financial analyst with extensive experience analyzing Pacific Rim economies and banking systems. Duties include researching, analyzing and writing reports on the economic condition and banking system structure of Pacific Rim countries as well as the individual banking organizations based in these countries. The candidate must have specialized experience with Pacific Rim corporations at a debt rating agency or in a similar field. A degree in economics, finance or a similar discipline is required, with professional or post-graduate credentials desirable. Strong communication skills are a must. Other qualifications desired include familiarity with foreign banking regulations and accounting systems and PC proficiency.

Federal Reserve Bank of San Francisco
Personnel Department
P.O. Box 7702
San Francisco, CA 94120
Fax# 974-3340
EOE/AA

Singer & Friedlander Limited

OPPORTUNITIES FOR LENDING BANKERS IN BIRMINGHAM, BRISTOL AND LEEDS

Singer & Friedlander is an old established merchant bank based in London with regional offices in major cities in England. Opportunities currently exist for young lending bankers in our Birmingham, Bristol and Leeds offices.

Applicants should be graduates, possibly with a professional qualification, aged in their early to mid-20s. Previous banking experience is desirable but not essential. Duties will centre around the development and management of a portfolio of loans to established, medium sized companies.

Applicants should be numerate, articulate, enthusiastic, self motivated and keen to work as a member of a small, highly professional team. Salary and benefits will be commensurate with qualification and experience.

Applicants should send their details, including a full cv to: *John Gregory, Director, Singer & Friedlander Limited, 55 Calthorpe Road, Birmingham, B15 1TL.* Any preference regarding location should be stated in the application.

Economists

London and Edinburgh

The Royal Bank of Scotland is undergoing a period of dramatic and exciting change, re-evaluating and enhancing all areas of the business in a drive to become the best performing financial services group in the UK.

Within this framework of change, the Economics Office has an increasingly influential role to play in providing relevant, timely and policy related advice to senior management on a wide range of micro, macro and international issues. We now have a number of opportunities in both Edinburgh and London for highly motivated, experienced and practical economists to further the work of this key department.

Given a growing emphasis on micro analysis, a Business Economics Unit was recently established and at least one opening exists within this expanding area. The macro side includes domestic and international analysis of issues related to the Bank's activities and interests. All applicants must be able to demonstrate relevant experience within an applied, preferably business/commercial, economics environment and must possess strong interpersonal skills as well as excellent report writing ability. Regular travel within the UK will be required. Energy sector expertise is essential for one of the posts together with other micro analytical and modelling skills.

As well as giving you the opportunity to join one of the UK's most progressive financial services groups, we can also offer you a fully competitive salary based on your experience together with a full range of banking benefits.

If you would like to contribute to this interesting and rewarding area of the Bank, please send a full CV, indicating any preference on work location and whether you consider yourself better suited to macro or micro work, to Beverley Smith, Personnel Officer, The Royal Bank of Scotland plc, PO Box 31, 42 St Andrew Square, Edinburgh, EH2 2YE. The closing date for applications is 31 January 1994.

Committed to Equal Opportunities.

The Royal Bank of Scotland

WHERE PEOPLE MATTER

European Sales Managers

Major Account Management

To £50,000 + Benefits

Europe

Advanced technology based supplier requires outstanding business developers to maximise penetration and implementation in key territories throughout Europe from London base.

THE COMPANY
- Leading edge financial services business. Substantial and prestigious backing.
- Products distributed worldwide. London based with international presence.
- Young, dynamic, multinational culture. Strong brand and quality image.

THE POSITION
- Manage negotiations and service client relationships in key territories.
- Run product demonstrations and interface with London office. Liaise with senior executives, lawyers and key suppliers.
- Manage client implementation requirements.
- Autonomous role requiring extensive travel and dedication to clients.

QUALIFICATIONS
- Demonstrate success in negotiating high value projects and managing complex sales with long lead times.
- Strongly self-motivated with effective, culturally sensitive communication skills. European expertise and second language desirable.
- Flexible, committed and dynamic. Comfortable with high technology products, especially in the financial sector.

**Please send full cv, stating salary, Ref N0225FT
NBS, 54 Jermyn Street, London SW1Y 6LX**

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2 London Wall Buildings, London Wall, London EC2M 5PP
Tel: 071-588 3588 or 071-588 3576
Fax: 071-256 8501

Opportunity to join a respected, growing team and to make a name as an analyst

QUANTITATIVE/BOND ANALYSIS

CITY OF LONDON **£45,000-£65,000 + BONUS**

MAJOR INTERNATIONAL SECURITIES HOUSE

Our client's Bond research team works from the Bond floor, advises clients world-wide and works closely with Bond sales, trading and syndication. The emphasis will be on portfolio analysis and the development of trading strategies and arbitrage/option pricing models but the brief is open and this is an interesting opportunity to develop personally and to research new ideas. We seek a mathematician (Mathematics degree/PhD) with the ability to think conceptually, excellent communication skills and experience working with complex models in a similar team in a leading house. Initial remuneration is negotiable £45,000-£65,000 + bonus and full benefits package. **Please write in strict confidence under reference QBA4939/FT to the Managing Director, CJA.**

UK & European Investments

Manchester

As one of the UK's leading insurance companies, CIS is firmly recognised for its overall quality, service and performance. It has maintained consistently good growth and the investment funds under management are around £15 billion.

With the ongoing success of our investments team, we are now in a position to recruit the following professionals to manage the life assurance monies within Europe and undertake company analyses in the UK

European Fund Manager

c£40,000

Within this crucial investment role you will be highly regarded and your contribution greatly valued. Having operated at this level for a minimum of 2-3 years, you will have good commercial awareness and considerable expertise in European Fund Management.

Educated to degree level and ideally a member of the IIMR, you will be knowledgeable in all aspects of the European Stock Market.

For this position please apply with a full CV to: Bryan Johnson, The Personnel Department, CIS, Miller Street, Manchester M60 0AL.

UK Investment Analyst

£18,000 to £24,700

This post involves the identification and evaluation of potential investment opportunities. Analysing the reports and accounts of small publicly quoted companies valued between £30m to £200m, you will make investment recommendations to our Fund Managers. The post will involve frequent company visits and the collation and analysis of relevant information from diverse sources.

A minimum of 2-3 years experience in a similar role is essential. The post would suit a stock market analyst or a professional accountant. You may be a member of an accountancy association, the IIMR or hold a Securities Industry Diploma with a company analysis bias. In all cases you will possess a detailed knowledge of analysing published accounts, and ideally an understanding of stock market industry information. You will also be a concise and effective communicator.

Those interested in this position should contact Genny Moloney on 061 832 8686 ext 5563 for an application form. (Ref: 767).

Both positions demand a general grasp of economic conditions together with responsibility, energy and self-motivation.

Attractive salaries, payable according to experience, will be supported by a range of benefits including a car provision scheme, free staff restaurant and relocation assistance where appropriate.

Closing date for receipt of applications for both positions is: Friday, 4th February 1994.

CIS is an equal opportunities employer and wishes to employ the most suitable person for the work to be undertaken.

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REGISTRAR

UNIT TRUST MANAGEMENT

Sheffield

HSBC Asset Management is the international investment management business of the HSBC Group, one of the world's largest banking organisations. With global funds under management in excess of US$28 billion, we offer a full range of investment products for institutional and retail clients in all major financial centres.

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As Registrar, you will be responsible for the maintenance of the unit trust register. You will manage a team of around 20 people, maintaining the accuracy of the Register and ensuring that regulations are adhered to. You will also have a wider role as an active member of the Centre's management team.

You should be an experienced registrar in a unit trust or related business, with an expert knowledge of the law and industry practices. Team leadership and management skills are key to the role. Accordingly we *are looking for someone with a proven ability to* develop people's skills and create a customer-aware, service-orientated culture.

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Please send your cv to The Personnel Manager, HSBC Asset Management Limited, 7 Devonshire Square, London EC2M 4HU.

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إستشارات ادارية وتدريب

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We wish to attract professional staff for our LIMASSOL, CYPRUS based Corporate Headquarters to assist management in developing new markets and to provide existing clients with an expanded range of services.

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Marketing Consultant to represent the group as a formal point of contact with its clients and assist in the development of new markets while maintaining sound customer relations with existing clients. Introduce professional marketing standards and forecasts to achieve planned objectives. Regular travel to the Middle East and North Africa essential. MBA degree in marketing or a related field with five years marketing success in the Middle East.

Group Finance Consultant to assist management on financial and investment strategies, including establishment and monitoring of financial policies and operating unit budgets to assure compliance with Government requirements. From time to time will conduct customised financial training programs for regional clients. Qualified Chartered Accountants or CPA with minimum ten years experience.

Training Consultant to evaluate existing training and consultancy services and develop customised programs to meet client specifications. Assist management in planning scheduled seminars and identify course providers with a proven record of results. Establish a library of audio/visual aids and equipment to support expansion of training services. Five to ten years experience in training course development and conduct preferably in the Middle East.

Applicants should apply in writing to:

**The Personnel Manager
PO Box 7389
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Rogge Global Partners plc, incorporated in 1985, specialises exclusively in global fixed income management with assets under management of just below US$1.5 billion. Head office in London; two marketing offices in the U.S. where all our clients are based.

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Candidates must fulfil the following criteria:

1) Aged 24-30 with a good graduate qualification
2) Experience in economics and financial capital markets and computer literate
3) Capable of developing independent research
4) Able to communicate with colleagues and brokers
5) Confident and dynamic, with a desire to become a shareholder in the company

Please send CV's to:

Tracy Mitchell
Rogge Global Partners plc
5-6 St Andrew's Hill
London EC4Y 5BY

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For information please contact:
Clare Peasnell on
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- Minimum of ten years Corporate banking experience preferably in a team leader role.
- formal credit training with reputable financial institutions
- sound knowledge in real estate lending and trade finance with basic understanding of Syndications and Capital market.
- Leadership qualities and good interpersonal skills.

Remuneration and fringe benefits will be competitive and commensurate with qualifications and experience.

Interested and suitably qualified candidates are invited to send their curriculum vitae, including details of work experience, qualifications, present and expected salary, Contact telephone numbers and a recent passport sized photograph by **31 January 1994** to Box B1985, Financial Times, One Southwark Bridge, London SE1 9HL.

TRADE FINANCE

A major European commercial bank is seeking to recruit a Trade Finance Executive to assist in the creation and development of a trade finance unit to be established in its London Office.

The successful candidate will have 5 years' recent experience in all aspects of trade finance and detailed knowledge of the forfait market with operational and management experience, so as to make an effective contribution to the establishment of the unit and thereafter to the development of these lines of business.

Although based in London, the position will involve close liaison with head office and the rest of the bank's extensive network of branches and representative offices overseas and will involve some travel. Knowledge of European languages, particularly Spanish, would be a distinct advantage.

Salary, including banking benefits, will be negotiable.

Please reply in strictest confidence to:

*Box B1978, Financial Times,
One Southwark Bridge, London SE1 9HL*

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Remuneration is negotiable.
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The Personnel Director,
Singer & Friedlander Investment Management Limited,
21 New Street,
Bishopsgate,
London EC2M 4HR.

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BANKING FINANCE & GENERAL APPOINTMENTS

ACCOUNTANCY COLUMN

Commitment becomes the watchword of the 1990s

Bob Reynolds argues that the profession is encountering a big turning point in its relations with clients

During the mid 1980s, US corporate managers were driven by the cult of excellence. But in the same period, much of the accountancy profession remained rather slower to join the same battle cry.

A decade ago, the book *In Search of Excellence* by Tom Peters and Robert Waterman became a bible for companies seeking to achieve perfect performance. In the wake of the American experience, some forward-looking corporate planners in the UK also wanted to learn from the quality and excellence initiatives abroad to improve service to customers and enhance internal operations.

Professional services organisations, despite offering quality management consultancy to clients, came late to the notion that such programmes could be applied to themselves. To a certain extent, they were victims of their own professional mythology: that their performance was guaranteed by their professional status.

Until the early 1980s, professional services firms in the UK cultivated a mystical image depicting themselves as the guardians of largely inaccessible knowledge. Their approach to the customer-supplier relationship was one akin to medical specialist and patient. The commercial history of the last decade has forced greater accountability on the professions and accountancy in particular.

One of the principal themes which emerged from the research for my book *Excellence in Accountancy* was the diversity of reaction among partners and firms towards the emerging commercial dynamics of the last decade. In some practices, there were partners and senior managers who could see the extra demands that clients would soon make upon them as early as 1982 or 1983. Their words of prophecy often fell on deaf ears.

These individuals were arguing not solely for a change in commercial direction but a wholesale realignment of the professional dialogue with clients. More traditional partners could not see the *raison d'être* for moving from the comfortable status which they had enjoyed for many years. Nevertheless in the late 1980s the larger accountancy practices determined that their independent survival depended on a reformed response to client need.

In fairness to accountants, probably more than any other professional group, the quality of their performance is contingent on the personal relationship with client directors. Bankers speak enthusiastically about their personal relationship with their customers, but in the end any manager is governed by tight corporate lending policies.

In the accountancy sector, given the constraints of an international audit approach, the partner in the modern practice has extensive scope for fulfilling client expectations. The lead partner on a major international assignment, either statutory or consultatory, will shape a team to meet specific client demands. Although he or she will be accountable, in degrees of formality, to fellow partners, the opportunity to provide the most wide-ranging, creative but precise solutions for client problems is immense.

This places the greatest burdens on partners to add value to the client relationships. The environment is aggressively competitive. One senior partner told me: "Ten years ago if you overheard company directors lamenting their auditor on the 7.55 to Waterloo, you would probably ring him up and say 'Watch out old chap'. Today you ring your own marketing department, they contact the client service partner responsible for that target and he or she rolls out an analysis of their worldwide operations, where you perceive potential difficulties for them ahead and what solutions you propose. In short, you use your competitor's difficulties to press home your advantage."

The last five years have been characterised by widespread moves to reflect changes in demands by clients and potential clients. Among these are: to codify the responses of firms in terms of management structures which offer greater scope for speedy decision-making; organised procedures for marketing, research and product development; efficient structures for bringing together the most talented people from international firms to service multinational clients; systems for improving the quality of service delivery in a broad portfolio of disciplines in key world markets; and, if all these have some impact, improved targets for partnership profitability.

Not all these approaches have been entirely successful. However, the passage of time has allowed the creation of such structures and benefits to flow from them. Partners and therefore their firms are much more accountable for the quality of their output. Fees are reviewed by clients more rigorously today than a decade ago. Company directors, if not shareholders, appear to be getting more out of relationships with their auditors.

If nothing else, firms have become more responsive to the changing demands of the market. This has most recently been seen in the re-shaping of service teams for audit assignments. Traditionally, an audit team would be led by the partner whose daily involvement in the administration of the service would be comparatively small. His or her role would be to oversee the relationship with the client and to plan, broadly, the execution of the assignment.

The bulk of the work was traditionally handled by the junior managers and swathes of students who processed much of the number crunching. Clients are now demanding that partners and senior managers give much more fully of their own time, that they are buying more than overseeing capacity. Directors of client companies want to use partner expertise as part of the daily commitment to the delivery of the audit and other services. They also want to take advantage of the intimate knowledge which firms have built up of their business.

This has significant ramifications for the development of such practices. Firms will in future require lower graduate recruitment. The larger firms have been hiring between 500 and 1,000 students a year and were the largest professional employers outside the Civil Service.

In future the firms will require fewer but higher calibre staff to work on assignments. The emphasis will shift from students who take three years before they are given real client responsibility to more senior people engaged to work immediately or within a short time. There will be more recruitment of partners and senior staff from non-accountancy based practices.

Another trend has also been unfolding in the international arena: multinational companies are requiring their auditors and consultants to make larger scale commitments to their clients. The engagement procedure of assessing potential suppliers can take much longer than the normal audit beauty parade.

The reward for this closer commitment is the assurance that the company will probably remain as a client and extend the use of supplier services. The process involves supplier firms sharing the clients' approaches to quality management, demonstrating extensive understanding of the client's international objectives, basing key personnel permanently at the client and responding rapidly to client demands.

Firms have moved in scope, flexibility and approach in the last 10 years. The next decade will see greater demands on them to develop creative ideas for international business, to ally themselves more directly with client management approaches, and to become tougher but more fluid organisations ready to respond to client needs.

Bob Reynolds is the author of Excellence in Accountancy, Macmillan, £25.

Director, European Audit

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Reporting to the Managing Director, Global Audit (based in New York), you will be totally reponsible for the development and execution of the audit plan for the region through a team of 16. This is not a policing role and, as such, you will work closely with line management to improve areas of operational and control weakness. The Bank is going through a period of considerable growth and development into new product areas and the audit team is expected to play a positive role in this process.

You may already be at director level but seeking a more proactive and influential involvement: or at the managerial level, ambitious for directorial responsibility. Exceptional individuals from the profession will also be considered. You should possess: a detailed technical knowledge of the range of investment banking activities; excellent management and people development skills and the personal presence to enhance the credibility of the function.

Atypical of the traditional view of audit, this opportunity should not simply be seen as a stepping stone. Rather, the Audit Director will be a more rounded individual with a broad commercial perspective and may aspire to senior management within the Bank in areas such as credit, financial control or risk management.

Please send a full CV to Tim Musgrave, Ref. 22/1627 at Morgan & Banks Plc, Brettenham House, Lancaster Place, London WC2E 7EN. Or phone: 071-240 1040. Fax: 071-240 1052.

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The Company's premier training grounds for future business leaders are the GE Corporate and Capital Audit Staffs, which have a three-fold mission: to ensure financial integrity, improve business process efficiency and develop future business leaders.

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One of the world's foremost leadership development programmes, Audit Staff offer superb career prospects.

The demands are high – the rewards outstanding.

Interested applicants should post or fax a full CV, quoting ref 048, to the address below or for more information call us on 071 329 4649 or during the evening and weekends on 081 467 1408.

NOTE: Any CV's sent to the client by other recruitment consultancies will be forwarded direct to Alderwick Consulting Limited.

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FINANCIAL CONTROLLER

c£50,000 Package SOUTH EAST

Our client is a national contracting/housing group located in the South East of England. Reporting to the Managing Director, the Financial Controller's role will be varied and challenging and will include:

- Supervision of the accounts department of 10+ staff
- Production of management accounts
- Budgeting and forecasting
- Management of the group's treasury function
- Production of statutory accounts and liaison with the auditors
- Tax planning and management

The successful candidate will be an experienced qualified accountant with good knowledge of computer systems. Essential qualities will include enthusiasm, energy and the ability to motivate and manage staff. Excellent communication skills are a prerequisite as there will be regular contact with directors and non-financial managers.

Please apply in writing with full CV to:

Slater, Chapman & Cooke, 16A St. James's Street, London SW1A 1ER

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Reporting to the Finance Director, the Financial Planning and Analysis Manager will be a vital member of the new Finance team. Leading and directing all planning and analysis activities, you will add considerable value to the decision making process This will involve exposure to high levels of commercial and engineering management

More specifically, the role encompasses strategic business planning, budgetary control and the critical appraisal of performance, periodic results and forecasts The position also provides significant support to the contracts process through the use of financial modelling techniques and the development of pricing analyses.

Candidates will possess a professional accountancy qualification or MBA, with at least 5 years' experience in a commercial environment A rigorous analytical approach, together with excellent interpersonal and influencing skills, are essential

Please apply, enclosing full C V, to Joan Coulter at Robert Half, Walter House, 418 The Strand, London WC2R OPT Telephone: 071-836 3545, 24 hours Fax 071-836 4942

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ROBERT HALF
THE HUMAN FACTOR

Finance Director

Printing Industry

Shropshire c£35,000 + high bonus potential + bens

Our client is a well-established, dynamic, privately owned printing company, based in an attractive location, that has trebled its turnover in three years to c£7 million. Operating from a modern, purpose built site with state-of-the-art equipment and machinery and a full in-house service, the company now wishes to appoint its first Finance Director to play a key part in its future profitable growth.

Reporting to the Managing Director and taking an active part in the strategy of the company, the role requires strong commercial skills. Responsibilities will include "hands on" day-to-day financial control and planning, managing a small accounts department and, importantly, overall responsibility for estimating and buying. Candidates will be graduates, circa 40, who are qualified accountants and have the ability to significantly contribute to the company's rapid growth. Experience of developing and implementing costing systems is essential, with a background in bespoke manufacturing preferred. First class people, management and business skills are required.

Candidates must be energetic, incisive, commercially aware and intelligent since this is a dynamic, customer orientated business. The rewards are high and structured towards performance, reflecting the need for an individual who will respond to such a challenge.

Applicants should write, enclosing full career and salary details, quoting reference B/455/94 to David Gibbs.

KPMG Selection & Search

Peat House, 2 Cornwall Street, Birmingham B3 2DL.

Motability

Finance Director

Harlow, Essex £30,000-£40,000 + pension + car

Motability provides disabled people with cars, powered wheelchairs and other services at preferential rates. A registered charity, it makes charitable grants to help with the costs faced by some disabled people in achieving mobility. Motability employs some 140 people and has seen the fleet size grow rapidly to nearly 200,000 vehicles. Motability receives considerable government funding, making it a unique partnership between voluntary sector, public sector, finance and business.

The charity is growing rapidly, and is undergoing a major restructuring involving a professionalisation of all aspects of its service.

The new finance director will be responsible for strategic planning, the accounts and payroll system, introducing new budget profiling and management accounting system, new internal audit procedures, systemising fundraising accounting, compliance with recent legislation on charities and government accounting guidelines, negotiating with finance companies, banks, insurance co's, motor manufacturers and other suppliers, and supervision of research and purchasing.

The successful candidate will be a very bright, dynamic qualified accountant, possibly with voluntary sector experience, and will ideally understand the issues facing people with disabilities.

Experience of managing finance departments in organisations of a similar or larger size would also be highly desirable.

Please send your CV, no later than 4.2.94, to Evelyn Kirby at Charity People, First Floor, Station House, 150 Waterloo Road, London SE1 8SB.
Tel: 071 620 0062. Fax 071 633 0331.

Charity People

FINANCIAL CONTROLLER

HIGH WYCOMBE

£25,000 + car

This expanding group is involved in international airfreight and distribution and turnover is currently £3million. The ideal candidate, early 30s, will be professionally qualified, computer literate, commercial and will report direct to the Managing Director.

The individual will be responsible for all financial control and reporting, business forecasting, cash monitoring, financial accounts and the smooth running of the administration.

Write to Box B1984, Financial Times, One Southwark Bridge, London SE1 9HL

HOUSING ACTION TRUST
TOWER HAMLETS

Director of Finance & Administration

Up to £42,000 Bow, E London

Housing Action Trusts are in the forefront of the Government's approach to the regeneration of housing and communities in rundown urban areas. Tower Hamlets Housing Action Trust has been set up with strong support from residents to redevelop three estates in Bow over a 5-7 year period, with public funding estimated at some £80m.

The Trust now seeks its first Director of Finance and Administration to establish the necessary financial, administrative and information systems to enable it to begin its ambitious development programme.

THE APPOINTMENT

- Principal financial adviser to the Chief Executive and Trust Board of 11.
- Manages the Trust's revenue budget.
- Responsible for appraisal, subsequent financial management of major capital projects and helping to secure private finance
- Establishes and manages the finance, administration & personnel and IT functions (up to 12 staff)
- Leads on Trust's corporate planning process

In addition to the salary quoted above, relocation expenses will be payable in appropriate circumstances. Interested candidates should write for further details quoting reference 90574/B, to Jane Pollard,

THE REQUIREMENTS

- Broad based financial management background, ideally with previous board level or equivalent experience
- Previous Public Sector experience is highly desirable
- A well organised manager, interested in urban regeneration
- A good verbal and written communicator, able to relate to residents, Board Members, and the DOE
- Committed to the implementation of equal opportunity policies

K/F Associates, Pepys House, 12 Buckingham Street, London WC2N 6DF The closing date for receipt of applications is 11th February 1994 Tower Hamlets HAT is committed to equal opportunities

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A Chartered Accountant with a minimum of three years post-qualification experience, you will have experience of treasury and liquidity management in a corporate H.Q. environment, where you will have advised on taxation and multi-currency arrangements. Previous involvement in acquisition programmes would be an advantage.

Your fluent computer skills will enable you to make a personal contribution to systems development, but, more importantly you will be able to show that you are an effective communicator, able to form close working relationships with professional colleagues in the operating businesses.

Scope for continued career growth is considerable for the right person, who will be attracted by a salary and benefits package in keeping with the seniority of the position.

For further information please send a full c.v. to Beverley Langley, Recruitment Consultant, The Scott Edgar Advertising Partnership Ltd, Paragon House, 75 Farringdon Road, London EC1M 3JY, quoting ref: 9759.

THE SCOTT EDGAR

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Aged under 40, you will ideally have trained and qualified with a Big 6 firm, but an ACMA/ACCA may also be considered subject to a relevant background Specifically, you must offer significant experience outside operational review including broad-based exposure at management level with one or more commercial organisations

Essentially, you will demonstrate the flair and intellectual agility to use this role as a springboard into a senior finance or general management position after a minimum of two years - a transition made not only by your predecessor, but also by almost 40 other finance professionals from this function within the last seven years

Please apply, enclosing full CV, to Robert Half, Walter House, 418 The Strand, London WC2P OPT. Telephone 071-836 3545., Fax 071-836 4942. Alternatively, for an informal discussion, telephone Jane Randell in strictest confidence on the above telephone number, or evenings on 081-547 0380.

As retained consultants, any CV's submitted directly to our client will be forwarded to Robert Half

c£55,000
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Central London

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CHARTERED INSTITUTE

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We seek an accountant (probably chartered and with experience outside the profession), with good computer skills. He or she must have the presence and proactive communication skills to represent CIT's interests within the public and private sectors - we do not seek an eyes-down number cruncher. Remuneration on offer suggests age either 28-35 or early 50s. Some travel within the UK and overseas necessary.

Salary negotiable to £33K. Contributory pension. Luncheon vouchers. Interest free loan for season ticket. Relocation not anticipated.

Please write, with appropriate details and salary history, to CIT's recruitment consultant: David Mackintosh, Mackintosh Enterprises, 7 Dower Park, Windsor, Berks SL4 4BQ quoting Ref: DM/117.

ME

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Manager, Group Finance - Hong Kong

- **RESPONSIBILITY** is to a member of the board for financial planning and control and for special projects.
- **THE NEED** is for a qualified accountant with relevant experience, of high intellect, commercial acumen, independence of mind and excellent written and verbal communication skills.

Ref T 7702

Financial Controller - London

- **RESPONSIBILITY** is to the UK managing director of Crosby Securities for the provision of high standards of financial reporting, control, compliance and analysis. Some group business development will be involved.
- **THE NEED** is for a qualified accountant with proven skills in financial and management accounting, gained in the securities industry.

Ref T 7705

Preferred ages 30-36. Both of these appointments carry attractive packages; career prospects are first class.
Please reply in confidence, enclosing a curriculum vitae to:

TK SELECTION
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Group Financial Controller

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THE ROLE

• Responsibility for the group accounting function covering management and financial accounting, tax and treasury and also for motivating and developing a small, high calibre support team • Work closely with the Group Finance Director in shaping the Group's accounting policies, controls and information systems • Develop strong relationships with senior financial colleagues within the operating divisions and also with external advisers • Exposure to members of the Main Board.

THE QUALIFICATIONS

• Early/mid thirties, graduate intellect, professionally trained and qualified with a major accountancy firm • Strong interpersonal skills required to develop quality working relationships with colleagues and staff • High level of technical competence and proven analytical and computer skills.

Please reply in writing to BHM Search & Selection 27 York Place Leeds LS1 2EY enclosing a full curriculum vitae and quoting Reference BHM 10061. Telephone 0532 467033 Facsimile 0532 470191.

BHM
SEARCH & SELECTION

LLOYD MANAGEMENT

Insurance

DIRECTOR OF FINANCE

Herts

c£70,000 + car

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Responsible for the full financial function, the Director of Finance will have a key role to play in the division's future. It is imperative that a high quality financial control, analytical and planning service is provided to both divisional and group management. Reviewing and evaluating business performance and opportunities, he or she will be expected to make a material contribution to the continuing development of the division's strategy and will work closely with the Managing Director to ensure its achievement.

Likely to be aged 35-40, applicants should be commercially minded graduate chartered accountants with impressive career records. Experience gained in fmcg would be particularly useful and excellent communication and technical skills are essential.

Please write, enclosing a career/salary history and daytime telephone number, to David Hogg FCA quoting reference H/93/F.

LLOYD MANAGEMENT Selection Consultants 125 High Holborn London WC1V 6QA 071-405 3499

FINANCIAL CONTROLLER

Thames Line

Our Client is a management unit of the British Railways Board, which will become an autonomous £50m turnover operating division in April 1994, with entry into the private sector anticipated within 2-3 years.

A key appointment is that of Financial Controller, who will report to the Managing Director and be responsible for:-

- Development of independent accounting and financial systems (19 staff reporting).
- Contributing to business planning, budgeting and forecasting.
- Analysing financial implications of commercial strategies and decisions.
- Supporting the Managing Director as part of the 4-strong executive team.

The challenges facing this role are numerous. The initial 2 years will focus upon cultural change, whilst subsequent activities may include raising of finance, flotation and possible diversification

Applications are sought from qualified Accountants with a minimum of 5 years' post qualification experience within a customer-orientated organisation. Strong communication skills and the ability to manage change are essential.

Interested individuals should write, enclosing CV, to Gerard Davies at Robert Half, Princess Beatrice House, Victoria Street, Windsor, Berks SL4 1EH. Telephone: 0753 857777 24 hrs. Fax: 0753 841676. As retained consultants, any CV's submitted directly to our client will be forwarded to Robert Half

c£40,000
+ Free Travel
+ Benefits

Reading

ROBERT HALF
THE HUMAN FACTOR

Group Finance Director

Midlands c£120,000 + Share options

Our Client, a major plc, has expanded both dramatically and profitably through organic growth and acquisition. To complement their management team, they are looking to appoint a Group Finance Director of the highest calibre.

Reporting to the Chief Executive, your brief will be to make a significant contribution to business and financial planning. You will ensure that the financial management of the Group will maximise operational control and profit performance. The role carries a significant responsibility for the thrust and direction of the Group's continuing strategy for growth.

The position will necessarily involve a high degree of interface with the City and various financial institutions, and will necessitate excellent "front line" skills in representing the Group to its best advantage.

Under the direction of the Chief Executive, the Group Finance Director will be called upon to undertake a variety of ad-hoc exercises relating to on-going acquisitions and profit enhancement.

We would like to hear from qualified Accountants, experienced in Plc Financial Management, who will have an appreciation of a proactive and entrepreneurial environment.

You should have a notable track record of success combined with the desire to take a fast-moving market leader into the future.

Please apply in writing with full career and salary details, quoting reference B/458/94 to Steven French

KPMG Selection & Search
Peat House, 2 Cornwall Street, Birmingham B3 2DL.

SOUTH AFRICA

£ Substantial Expatriate Package

Our client is an expanding international construction group, operating extensively throughout Africa and the Middle-East. It now seeks to recruit two key Finance Executives to enhance the continued development of the group.

Group Finance Director

You will be responsible for leading, managing and developing the finance functions. Working closely with the Chairman and President on all strategic, commercial and operational issues, you will play a leading role in the development of institutional relationships.

Aged 35-50, you will be a Qualified Accountant with extensive international industrial experience gained at a similar level. Strong, commercial acumen is required along with excellent communication skills. The role involves travel throughout Africa, Middle-East and UK.

Group Financial Controller

Reporting to the Finance Director, you will be responsible for the production of monthly management accounts, budgeting and forecasting, cash management, consolidation and production of statutory accounts and MIS development. You will also take on various ad hoc investigations and special assignments.

You will be an enthusiastic, highly motivated Qualified Accountant, aged 30-45 with a proven commercial background, with the ability to work through your own initiative.

Both positions are based in the group's main administrative office in Johannesburg, and offer a highly challenging environment with excellent long term opportunities. In return the client is prepared to offer highly attractive expatriate packages.

Please contact Warwick Holland for further information or forward your CV to:

MICHAEL WARWICK
Water Court, 10b St Paul's Square, Birmingham, B3 1QU
Telephone: 021 233 9303, Facsimile: 021 233 0855.

Blending accounting, management and interpersonal skills in healthcare

Manager – Contracting and Planning

South Coast — *to £30,000 + lease car*

UK healthcare continues to undergo radical change with contracting and planning for services as a key part of the process. A leading NHS Trust is fast developing its contracting approach to secure the current wide ranging patient services and the budget of £57 millions. At the same time their strategy foresees new and updated services in line with the requirements of healthcare commissioners – health authorities and GPs. These will enable improvements for over 35,000 inpatients and 130,000 outpatients treated each year.

The role they seek to fill is the focus of their business planning, contracting and monitoring activity within an existing team. It offers opportunities to blend accounting, managerial and interpersonal skills – internally with healthcare professionals and others amongst the 3,000 staff; and externally with commissioners of healthcare.

The successful candidate will be a qualified accountant who offers:

- experience of rigorous business and financial planning;
- success in project management where cash is limited and customer needs are paramount;
- an interpersonal style which has brought results through *influence and negotiation.*

Success in the role will provide personal development opportunities and attracts a competitive package, including possible relocation assistance.

Please write in confidence to Stewart George, Search and Selection Division, Breckenridge Consultants Ltd, Charter House, 426 Avebury Boulevard, Central Milton Keynes, MK9 2HS, clearly indicating your suitability, current or last earnings and quoting reference 226/FT.

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The FT can help you reach additional business readers in France. Our link with the French business newspaper, Les Echos, gives you a unique recruitment advertising opportunity to capitalise on the FT's European readership and to further target the French business world. For information on rates and further details please telephone

Clare Peasnell on 071 873 4027

CHIEF INTERNAL AUDITOR

B·A·A

CENTRAL LONDON — c.£40,000 UPWARDS + CAR + BENEFITS

BAA Plc is the world's biggest independent airport company with Group revenue of over £950 million. Activity spans four key business sectors: airport services, retail outlets, property and construction all of which are universally renowned.

An exceptional opportunity exists for an individual of the highest calibre to join this first class organisation heading the Internal Audit function.

This is a crucial role and responsibilities will encompass

- management of the internal audit department including staff development and training
- control over all audit assignments
- conducting and supervising special assignments and investigations
- liaison with outside bodies and the Group's external auditors

The role demands excellent interpersonal and man-management skills including the ability to work with a dynamic team. Tact and diplomacy are essential together with attention to detail and an ability to take an overview.

This challenging position is ideally suited to an independent individual who has the ability to motivate themselves and others.

The successful candidate will be a qualified chartered accountant with more than ten years of broad accounting experience including recent exposure to a senior internal audit role within industry. A knowledge of retail and engineering/construction would be an advantage although not essential.

Interested applicants should apply immediately to Caroline Stockdale at Robert Walters Associates, 25 Bedford Street, London WC2E 9HP, or alternatively telephone 071 379 3333 or fax 071 915 8714

ROBERT WALTERS ASSOCIATES

Head of Finance & Management Information

BBC EDUCATION

Head of Finance & Management Information

Open University Production Centre

The Open University goes from strength to strength and has acknowledged the importance to its success both of broadcasting and of its unique partnership with the BBC, now entering its 25th year. The Open University is Britain's largest teaching institution and its broadcasts reach 5 million people over a three week period, far outweighing the OU student viewers. Key to the Open University Production Centre's (OUPC's) continued innovative role in that success is proficient financial management in an increasingly competitive industry – and that's where you come in.

As a member of a recognised professional accountancy body, with proven experience of exercising your accounting skills in a business environment, considerable knowledge of information systems, and substantial experience and strength in staff management, you could be one of my team of five running this Centre. We have a budget in excess of £10m, a workforce of around 220, and work closely with BBC and OU staff, making television, radio, cassette and computer based multimedia learning materials. Reporting directly to me, the Head of Centre, your role would be strategic and advisory, managerial and proactive. If appointed you would be responsible for providing full professional accounting and management information systems and their associated technology. OUPC is fully networked and is installing a range of computer-based finance, resource management and communication systems. After recent extensive reorganisation and refurbishment, our technical production facilities are the state of the art. Your own department would comprise around 14 finance, information and IT specialists in a comfortable working environment. Obviously you need to be personally proficient working with basic PC applications.

The salary offered will be according to qualifications and experience, but is likely to be in the range £30,000 - £36,500 p.a. (continuing contract). A three year short term contract could be considered (salary in the range of £34,000 - £42,000 p.a.) Based Milton Keynes.

If you feel able to take up this challenge then please telephone (quote ref. 14243/F) 081-749 7000 (Minicom 081-752 5151) or send a postcard by January 28th to BBC Recruitment Services, PO Box 7000, London W12 7ZY.

Application forms to be returned by February 4th.

Applications would be particularly welcome from suitably qualified and experienced women, members of ethnic minorities and people with disabilities who are currently under-represented at this level at OUPC.

WORKING FOR EQUALITY OF OPPORTUNITY

Leading US Investment Bank

Recently Qualified Chartered Accountants

£ Excellent plus Car, Bonus, Benefits

Our client is one of the world's most powerful and profitable financial institutions and a pre-eminent force in global securities markets. The impressive growth of its well established European operations has presented the firm's London based financial management team with new challenges. The client now seeks to identify a number of first rate, recently qualified Chartered Accountants who wish to further their careers within a leading US investment bank.

The client's financial management team is responsible for product support, financial accounting and control, management information, regulatory reporting and taxation. There is considerable flexibility to accommodate your career interests and development within this structure.

Candidates must be high calibre graduate Chartered Accountants who can demonstrate considerable academic and professional achievement. Strong quantitative and analytical abilities, along with well developed interpersonal skills, are essential. Energy, the willingness to work hard and the determination to succeed are prerequisites. Experience of financial institutions would be an advantage.

Successful candidates will be fully challenged by an exciting, fast moving environment. In a culture which rewards performance your prospects for pay and promotion will be outstanding.

Interested candidates should write to Janet Bullock at BBM Associates Ltd (Consultants in Recruitment), enclosing a full C.V. which should include contact telephone numbers. All applications will be handled in the strictest of confidence.

76, Watling Street, London EC4M 9BJ — BBM ASSOCIATES — Tel: 071-248 3653 Fax: 071-248 2814

APPOINTMENTS WANTED

ASSIGNMENTS WANTED MANAGEMENT ACCOUNTANT IN PRACTICE

FCMA (40) practicing Cert. Systems Degree. Own Ltd. firm. IT financial control, project accounting, activity based costing, product and customer profitability improvement, systems development.

TEL: 081-402 1774

WILY OLD FOX

or Vixen wanted to assist board of dynamic and fast growing womens fashion retail group, to seek out and eliminate waste and bad practice. Suit recently retired Financial Director/Financial Controller. Flexible hours. Excellent package. Dorset based.

Write to Lorraine McCarthy, Box B1988, Financial Times, One Southwark Bridge, London SE1 9HL.

APPOINTMENTS ADVERTISING

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For further information please call:

Gareth Jones on 071 873 3199

Andrew Skarzynski on 071 873 3607

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i s d d — INSTITUTE FOR THE STUDY OF DRUG DEPENDENCE

Head of Finance and Management Information

London — **£28,000 - £30,000**

Established for twenty five years, the Institute for the Study of Drug Dependence is one of the world's leading, independent sources of information on drug dependence. The Institute's library, publication and information services are considered to be the most comprehensive and sophisticated in the field. This is reinforced by an active research department which undertakes studies related to practical responses to drug problems.

Working closely with the Director and Council, your primary role will be to develop and maintain effective systems for both financial control and the provision of financial and non-financial management information. This is a wide ranging role requiring input and contribution at both the strategic and operational levels.

Candidates should be qualified accountants with broad based financial skills and previous experience of senior line management. Direct experience of implementing computerised financial and management information systems will be particularly important. The ability to manage change and to communicate effectively with non-financial managers are also essential requirements.

Please send full personal and career details, including current remuneration and daytime telephone number, in confidence to Ann Shepherd, Coopers & Lybrand Executive Resourcing Ltd, 1 Embankment Place, London WC2N 6NN, quoting reference AS1004 on both envelope and letter.

FINANCIAL ANALYST

Essex - c£30,000 + Car

Our client is a major International Company within the consumer product market, with extensive brands worldwide. The organisation's ability to react to change combined with the aim of total quality has kept them at the forefront of this industrial sector.

The company now seeks to appoint an ambitious individual to provide financial control for the manufacturing operation, reporting to the Group Operations Director with extensive interface with the Group Finance Director.

The ideal candidate will be a qualified Accountant, aged between 25-30 with a proven track record in a high volume manufacturing company. Strong communication skills and the ability to contribute effectively within a dynamic environment are a prerequisite.

Interested candidates should forward a comprehensive Curriculum Vitae to Nigel Lynn ACMA, quoting reference NL315.

NIGEL LYNN ASSOCIATES
Accountancy Recruitment

25/27 Winchester Street Basingstoke Hants RG21 1EE. **Telephone: 0256 840108**
1 Temple Chambers Temple Street Swindon Wiltshire SN1 1SQ. **Telephone: 0793 431221**

GROUP FINANCIAL CONTROLLER

SALARY £30K - £35K CAR, PENSION, BONUS POTENTIAL

A commercially minded, qualified, ambitious individual is sought for this role in support of the Group Finance Director in a South Yorkshire based manufacturing and distribution company.

A wide range of skills and experience is required, to include financial and cash management, statutory accounting, budgetary control and standard costing. These skills should be combined with a high degree of computer literacy and systems knowledge.

The candidate must be a good team member, proactive, highly analytical and challenging yet persuasive in person and writing.

Some experience of international subsidiaries and consolidation would be beneficial as would be the ability to speak French.

Preferred age is 30-35.

Write to Box B1966, Financial Times, One Southwark Bridge, London SE1 9HL

CONSOLIDATION ACCOUNTANT

Competitive package * Redhill

Fisher-Rosemount is a major supplier of control equipment to chemical and process industries worldwide. With an annual European turnover of $800 million, we now seek a Graduate Chartered Accountant with previous experience of the Micro Control system, to work with our European subsidiaries.

This role is highly technical, involving the monthly consolidation of financial information for all European locations and high profile direct liaison with the company's top executives. In addition to the planned operational activities, there will also be considerable ad hoc project work incorporating some international travel.

With at least 2 years industry experience in a similar role, preferably with a US subsidiary company in a multi-currency environment, you must have outstanding PC ability, particularly Lotus 123, and extensive modelling and macro skills.

Based in a newly established Headquarters, you can expect a very competitive benefits package including car. Career prospects, particularly for candidates prepared to relocate to mainland Europe, are excellent.

Please send a full CV, including details of current salary to Mr P.R. Shuter, Fisher-Rosemount Europe, Clarendon House, Clarendon Road, Redhill, Surrey RH1 1FB

Closing date for applications 31st January 1994

FISHER-ROSEMOUNT

Sunset ·H·O·L·I·D·A·Y·S

FINANCE DIRECTOR

BASED BOLTON, SALARY UP TO £40,000 + BENEFITS

Leading Holiday Tour Operator is looking for a qualified accountant, preferably aged 30-45 years to be responsible for the day to day control of all aspects of the financial administration, including preparing cash flows, budgets, management and financial accounts.

This is a key role whose function would be to report to the Board of Directors.

The suitable candidate will have a proven track record in a similar industry and requires somebody with extensive computer literacy, leadership and communication skills.

Please send C.V. and details of current salary to Mr P R Pattison, Chairman, Sunset Holidays Plc, Sunset Business Centre, Manchester Road, Kearsley, Bolton BL4 8RT